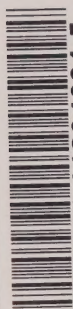


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FOREIGN MARKET STUDY

BRAZIL

Prepared by:

Foreign Market Development Section
Industrial & Marketing Studies Branch
Research Services Division
Ministry of Industry & Tourism
Queen's Park, Toronto, Ontario.

JT
January 1973

F O R E W O R D

Export marketing research is a subject of considerable interest to our Ministry, to Ontario manufacturers and to businessmen who may be interested in exports. The Foreign Market Studies which are undertaken by our Section, are written for the use of our Ministry and members of Ontario's foreign trade missions. These studies depict the economic background of the countries that will be visited. For this reason our Foreign Market Studies are, in the first instance, working documents designed for the use of the Ministry and cannot be taken in their entirety as expressing the opinion or position of the Ministry of Industry and Tourism.

Equivalents of metric, Imperial and U.S. units of measure

Metric Units		Imperial and U.S. Equivalents		Imperial and U.S. Units		Metric Equivalents
<u>Length -</u>						
1 centimetre (cm).....		0.394	inch	1 inch.....		2.540 cm
1 metre (m).....	{	3.281	feet	1 foot.....		30.480 cm
	{	1.094	yard	1 yard.....		0.914 m
1 kilometre (km).....	{	0.621	mile	1 mile.....		1609.344 m
	{	0.539	int. naut. mile	1 International nautical mile.....		1852.000 m
<u>Area -</u>						
1 square centimetre - cm ² ..		0.155	square inch	1 square inch.....		6.451 cm ²
1 square metre - m ²	{	10.764	square feet	1 square foot.....		9.290 dm ²
	{	1.196	square yard	1 square yard.....		0.836 m ²
1 hectare - ha.....		2.471	acres	1 acre.....		0.405 ha
1 square kilometre - km ²		0.386	square mile	1 square mile.....		2.589 km ²
<u>Volume -</u>						
1 cubic centimetre - cm ³		0.061	cubic inch	1 cubic inch.....		16.387 cm ³
1 cubic metre - m ³	{	35.315	cubic feet	1 cubic foot.....		28.317 dm ³
	{	1.308	cubic yard	1 cubic yard.....		0.765 m ³
<u>Capacity -</u>						
1 litre (L).....	{	0.879	Imp. quart	1 Imperial British quart.....		1.136 L
	{	1.057	U.S. liq. quart	1 U.S. liquid quart.....		0.946 L
	{	0.908	U.S. dry quart	1 U.S. dry quart.....		1.101 L
	{	21.997	Imp. gallons	1 Imperial gallon.....		4.546 L
	{	26.417	U.S. gallons	1 U.S. gallon.....		3.785 L
1 hectolitre (HL).....	{	2.749	Imp. bushels	1 Imperial bushel.....		36.369 L
	{	2.838	U.S. bushels	1 U.S. bushel.....		35.239 L
<u>Weight or Mass -</u>						
1 kilogramme (kg).....	{	35.274	av. ounces	1 av. ounce.....		28.349 g
	{	32.151	troy ounces	1 troy ounce.....		31.103 g
	{	2.205	av. pounds	1 av. pound.....		453.592 g
				1 centerweight (100 lb.).....		45.359 kg
				1 hundredweight (112 lb.).....		50.802 kg
1 ton -	{	1.102	short tons	1 short ton.....		0.907 t
	{	0.984	long tons	1 long ton.....		1.016 t

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BRAZIL



RESUME

Brazil is one of the largest countries in the world. Brazil's economy is based on its natural resources such as rich deposits of minerals, an abundance of forest products and widespread areas of fertile farmland. Brazil is one of the world's important agricultural and livestock producing nations. Brazil's manufacturing industry is progressing rapidly and it has reached self-sufficiency in many consumer, light and heavy capital goods. Economically, there seems to be no obstacle to a period of rapid growth for Brazil in the next few years.

Manufacturing was an important part of Brazil's economic activities even before the Second World War, but the difficulties and opportunities during the war did much to consolidate and foster Brazilian industry. Industrial expansion has been the most significant feature of the Brazilian economy in recent decades. While domestic capital played a major role in this development, it was supplemented to an important degree by foreign capital. Industry presently accounts for approximately 35% of the GDP and 18% of employment.

Initially, Brazil was a producer primarily of consumer goods, but in recent years the heavier type industries have assumed importance. Now, Brazil has a large relatively sophisticated industrial sector ranging from basic industries such as steel, chemicals and petro-chemicals to finished consumer goods.

On an individual basis, food processing industries lead in value of output. Metal processing, chemicals, textiles and transportation are also important. Other significant industries include machinery, non-metallic minerals, electrical and communications equipment, wood furniture, clothing and shoes, rubber and leather.

One result of the increase in industrial activity has been the great rural-urban and inter-regional migration. In 1940, nearly 70% of the population was rural compared to under 50% today.

Although agriculture has not been a leading growth sector in Brazil over the past two decades, it remains of major importance. It accounts for about 60% of Brazil's foreign exchange earnings, and it provides employment for nearly 44% of the labour force. The enormous lowlands of the Amazon basin hold possibilities for the production of agricultural commodities on a large scale.

Despite continued efforts to bring down the rate of inflation, living costs rose about 19% in 1970 and 1971 and approximately 15% in 1972. With inflation continuing, the government plans to pursue the policy started in 1968 of making small and frequent devaluations.

Brazil's Gross National Product in 1971 was US\$41.5 billion, giving a per capita income of about US\$435. The regional distribution of income in Brazil is uneven. In the Northeast, the per capita income is half of the national average while in the Rio de Janeiro area it is over two times the national average. This poses serious social-economic problems and limits the size of the consumer market.

Brazil's most recent planning document for the years 1972-1974 emphasises the raising of the efficiency of public and private enterprises; incorporating the resources, both human and material of the Northeast and Amazon into the money economy; and to expanding foreign trade, particularly exports of manufactured goods and chemicals.

Brazil's National Development Plan 1972-74 calls for massive government spending in a number of industrial sectors. The main goals are to increase industrial production by 46%, steel capacity by 107%, electrical capacity by 49%, petroleum refining by 50%, highway network by 62%, and chemical output by 150%. Included also is a continued emphasis on increased agricultural production and on the existing agricultural development programmes for the north and northeast areas. Other priority sectors for investment include education, housing and health.

The administration places great stress on regional development, particularly in the Northeast. In 1970, the Programa de Integracao Nacional (PIN) was introduced to accelerate development in the poverty-ridden Northeast, and largely untapped Amazon. The basis of this development is the vast Transamazon Highway. In 1972, a five-year land redistribution programme (Proterra) for the Northeast and Amazon regions was put into effect. These projects are financed in part out of incentive tax credits to companies for regional and sectoral investment.

Another regional development programme is Prodoeste, an effort to develop the Center-West (Brasilia and the States of Goias and Mato Grosso) and the rest of the country. In 1972, Provale was launched to develop the Sao Francisco River Valley through colonization, irrigation systems and agricultural development.

Brazil's economic growth in the past has been aided by substantial borrowing abroad. Brazil is being given increasingly more attention by international lending agencies such as Inter-American Development Bank, World Bank and Eximbank. In 1973, each is extending about \$200 million in loans to Brazil.

Brazil's foreign trade is expanding and in 1971 she imported US\$3.7 billion worth of goods and exported US\$2.9 billion. Although coffee remains the most important single export, an important development in recent years has been the increase of export of manufactured goods and non-traditional agricultural products. Exports and imports both increased in 1972, but the merchandise trade continued to be in deficit.

The U.S. is Brazil's major trading partner and in 1970 she took 25% of Brazil's exports and supplied 32% of imports. In 1971, Canada's exports to Brazil amounted to \$93.6 million and her imports from there amounted to \$50.7 million.

Brazil's current account deficit in 1972 is expected again to total over US\$1 billion. This large deficit will be more than offset by a large net capital inflow, expected to be in excess of US\$2 billion. Brazil's foreign reserves continue to rise and are now over US\$3 billion. However, Brazil has a very high level of foreign indebtedness with the total foreign debt rising from US\$4 billion in 1969 to over US\$7.2 billion in 1972.

Brazil has a positive attitude towards foreign investment and is particularly interested in investors who plan to increase the technological base or increase exports of manufactured goods. Joint ventures are also welcomed. In 1970, total foreign investment amounted to approximately US\$4.7 billion, with the U.S., Canada and Germany the major investors. This favourable attitude in contrast with other Latin American countries makes Brazil one of the most promising countries in Latin America for private investment, both domestic and foreign.

Brazil's booming economy and stable political climate, offer a number of opportunities for Canada to expand her exports to Brazil. There are favourable prospects for continued heavy demand for imports needed to supplement domestic production and help to achieve fulfilment of the Brazilian development plans. As a member of the World Bank and Inter-American Development Bank, Canada may compete for contracts to supply goods and services financed by those organizations. The principal sectors

these organizations are financing include: steel, highways, iron ore, hydroelectric power and agriculture.

The Industrial Development Council's (CDI) selection of industries for incentive benefits provides an indication of the types of equipment which will find a good market in Brazil. The industries selected include: chemicals and petrochemicals, shipbuilding, steel, automotive, textiles, earthmoving equipment, machine tools, cement, teleprinting machines, crawler tractors and telegraphic multiples equipment.

Export opportunities appear to be favourable for mining and construction machinery, equipment and materials, aircraft and parts, steel making equipment, textile machinery, transportation equipment, chemical and petrochemical equipment and scientific and medical instruments and apparatus. A demand also exists in the field of electronics, automation, instrumentation, computers, control systems and their associated products.

Sales prospects are also good for fertilizers, refrigeration and storage equipment, and food processing and packaging equipment, due to the emphasis being placed on agricultural development.

BRAZIL

AREA: (Sq. Miles)	3,286,473	(71)
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<u>POPULATION:</u>	95.4 million	(71)
--------------------	--------------	------

Density (per sq. mile)	29	(71)
------------------------	----	------

Capital City	Brasilia	277,000	(71)
--------------	----------	---------	------

5 Other Main Cities	Sao Paulo	5.2 million	(71)
	Rio de Janeiro	4.3 million	(71)
	Belo Horizonte	1.3 million	(71)
	Recife	1.1 million	(71)
	Salvador	1.0 million	(71)

COMMUNICATIONS:

Railways (miles)	22,093	(71)
Cars	2.2 million	(71)
Commercial	1.3 million	(71)
Cargo handling at ports (entered)	81.9 million tons	(70)
TV sets in use	6.5 million	(71)
Telephones in use	2.0 million	(71)

AGRICULTURE:

Production of Main Crops	Coffee	1.7	(70)
(million tons)	Cotton	2.1	(70)
	Sugar Cane	91.1	(70)
	Cocoa	.226	(70)
Livestock: (Million)	Cattle	97.9	(70)
	Sheep	24.7	(70)
	Pigs	66.4	(70)

<u>INDUSTRIAL PRODUCTION:</u>	Coal	2.3	(71)
(million tons)	Crude Oil	5.0	(71)
	Pig Iron	30.0	(70)
	Crude Steel	6.0	(71)
	Motor Vehicles		
	('000)	515	(71)

CONSTRUCTION

Cement Production (tons)	9.7 million	(71)
Dwellings Completed ('000)	175	(71)

EMPLOYMENT

Agriculture	44%	(70)
Manufacturing	18%	(70)

FOREIGN TRADE

<u>Total Imports</u> (\$billion)	3.7	(71)
Main Sources:		
United States	32%	(70)
West Germany	13%	(70)
Argentina	6%	(70)
Japan	4%	(70)
Main Items:		
Machinery, vehicles & parts	35%	(70)
Raw & processed materials	17%	(70)
Chemicals	16%	(70)
Manufactured goods	16%	(70)
<u>Total Exports</u> (\$billion)	2.9	(71)
Main Destinations:		
United States	25%	(70)
West Germany	9%	(70)
Italy	7%	(70)
Argentina	8%	(70)
Main Items:		
Coffee	34%	(70)
Haematite	8%	(70)
Cotton	6%	(70)
Sugar	5%	(70)
Machinery, vehicles & parts	4%	(70)

Trade with Canada and Ontario, 1971

<u>Canadian Imports from Brazil</u>	\$50.7 million
Main Items:	
Coffee, green	\$24.7 million
Frozen orange juice	4.1 million
Manganese in ores	2.5 million
Canned corned beef	2.2 million

Canadian Exports to Brazil \$93.6 million

Main Items:	
Wheat	\$25.6 million
Newsprint	11.0 million
Aluminum	6.9 million
Aircraft	4.0 million
Copper refinery shapes	3.4 million
Sheet & strip steel	3.1 million
Asbestos fibres	2.7 million

Ontario Exports to Brazil

\$20.5 million

Main Items:

Aircraft	\$4.7 million
Plate sheet & strip steel	2.1 million
Copper and alloys	2.1 million
Nickel and alloys	1.5 million
Office machinery	1.0 million

GENERAL INFORMATION

1. Geography and Climate

With an area of 3,286,473 square miles, Brazil is the fifth largest country in the world, ranking after the Soviet Union, Canada, the United States and China. It has a land frontier of 9,768 miles with 4,603 miles of coastline. The greatest extensions, north-south and east-west, are almost the same - about 2,700 miles. Brazil has common frontiers with all the South American countries except Chile and Ecuador. In the north, Brazil is bordered by the three Guianas, Venezuela and Colombia; on the west by Peru and Bolivia; and on the south by Paraguay, Argentina and Uruguay. On the east side is the Atlantic Ocean.

Brazil is essentially formed by a plateau, the highest edge of which is known as the Great Escarpment. 57% of Brazil is made up of highlands. Lowland areas, which cover 40% of Brazil, include the narrow strip of coastal plain between the Great Escarpment and the coastline. More than half of Brazil lies at about 650 feet above sea level, but only a small part rises above 3,000 feet and the highest peaks have an altitude of less than 10,000 feet.

Brazil has one of the most extensive river systems in the world. The three most important navigable rivers in Brazil are the Amazon, the Sao Francisco and the Parana-Paraguay.

The Amazon is navigable by ocean steamers to a distance of 2,300 miles upstream to Iquitos in Peru, and its tributaries drain the entire northern region of the country or 56.25% of its total area. The Sao Francisco, over 1,600 miles in length, is the only major river entirely within Brazilian territory.

Economic development, particularly in the industrial sector, has been concentrated to a large extent in the southeastern states of Minas Gerais, Guanabara, Parana and Sao Paulo. The State of Sao Paulo accounts for approximately 20% of the population, one-third of the G.N.P. and nearly 60% of the country's income.

The Federal capital is Brasilia, a new city inaugurated in 1960. According to the 1970 census provisional figures it had a population of 277,000. Rio de Janeiro had a population of 4.3 million. With a population of approximately 5 million, Sao Paulo is, after Buenos Aires, the largest industrial banking and trading centre in South America. Other important cities are Belo Horizonte with 1.3 million population, Recife 1.1 million population and Porto Alegre with 903,175 inhabitants.

The two largest Brazilian ports are Santos and Rio de Janeiro, followed by Vitoria, Porto Alegre, Rio Grande and Recife.

The Brazilian climate varies from tropical to temperate. Except for certain restricted areas with lower temperatures, annual temperature ranges between 60°F and 83°F. The difference between the temperature of the coolest months and that of the warmest are increases with the latitude. Frost occurs with some frequency in the three most southern states. Heavy rainfall and relative humidity are encountered in the Amazon region and on the East Coast, but the heat is tempered by trade winds and the proximity of the sea.

In some areas of the country - in the east, south and central Brazil, extremely heavy rains occasionally fall within a short period of time. Brazil is free from earthquakes, cyclones, hurricanes and similar disturbances.

2. Human Resources

Brazil is the most populous country in South America, and accounts for one-third of the population of Latin America. Brazil has one of the fastest growing populations in the world at about 3.1% per year. In 1971, Brazil had a population of approximately 95.4 million people compared to 70.9 million in 1960. If the population expansion continues at its present pace the country will have approximately 123 million inhabitants by 1980 and approximately 230 million by the year 2000.

The basic Brazilian ethnic stock is Portuguese, but there are also important and largely assimilated African and American Indian components. During this century there has been an influx of immigrants, primarily Italian, German and Japanese. Brazil has been called the greatest melting pot of people in the world and racial friction is almost non-existent.

A growing middle class has emerged, in recent years, based on the small farm movement and the growth in the number of small manufacturers, merchants, engineers and professional and clerical workers which have accompanied industrialization.

At present, Brazil is faced with a "population explosion", which tends to become more acute as medical care and health conditions improve and the mortality rate becomes more favourable. Population distribution shows a majority of young people, with about 53% under the age of twenty.

Internal migration in Brazil is high, and one of the most significant changes in the past two decades has been the massive migration from country to town. In 1940, 31% of the total population was considered urban, 45% in 1960 and 56% in 1970. The population of centres with more than 10,000 inhabitants is growing faster, in relative terms, than the total urban population, reflecting a marked process of concentration.

As a consequence of this migration, the agricultural sector of the labour force has declined from 58% in 1950 to 52% in 1960 to about 44% in 1970. Urban employment in services has shown the highest rate of growth, for while industrial production has increased it has done so through mechanization rather than additional manpower. The portion of the labour force engaged in industrial pursuits has remained virtually the same. This trend is expected to continue.

The troublesome feature of the internal migration from rural to urban areas is that the cities have not been able to absorb the additional labour force. The lag in investment and the lack of training of the rural population, have resulted in the formation of slum areas adjacent to the large cities.

The overall percentage of illiterates among Brazilians over fifteen years of age is 33%. In the rural areas, however, this percentage is higher. The school drop-out rate is extremely high - 95% between the fourth and sixth grade alone. The government has set three major objectives in education -- to improve the quality of instruction, to raise enrolment and to integrate education with Brazil's policy for scientific and technological development. The proportion of the national budget assigned to education has risen from 5.6% in 1963 to 11.3% in 1969 to 15% in 1973.

3. Constitution and Government

The Brazilian Constitution establishes a presidential system with three levels of power: the executive, the legislative and the judicial. Legislative power is exercised by the National Congress which is composed of the Chamber of Deputies and the Federal Senate. Executive power is exercised by the President of the Republic, aided by the Ministers of State. Judicial power in the Union is exercised by the Supreme Federal Tribunal, the Federal Recourse Tribunals and Federal Judges.

The United States of Brazil is a federal republic now comprising twenty-two states, four territories and the Federal District.

A new constitution was promulgated on October 17, 1969, in which conditions for the establishment of political parties are eased. Congressional representation will be achieved when 5% of the total electorate votes for a party, with a minimum of 7% of the vote in each of the seven States.

The actual President is General Emilio Garrastazu Medici.

STRUCTURE OF THE ECONOMY

1. General

The favourable economic expansion of 1968-1971 provides a solid basis for the optimism regarding the outlook for the 1970's.

In 1971, Brazil's GNP growth rate of 11% was higher than that of any other country in the world, with the industrial and agricultural sectors increasing 11.4% and 11.2% respectively. This was the climax to a four-year period of rapid expansion after 1967, when the policy of economic restraint started in 1964 was loosened. Growth of the GNP in 1969 was 8.5% and in 1970 was 9%. The growth rate for 1972 has been estimated at 10% for the GNP, with rises of over 12% in industrial production and over 8% in agriculture; a 3% reduction in the rate of inflation and a 15% rise in export earnings.

Economic development in Brazil is taking place through accelerated growth of the industrial sector. Brazil's principal industries are the production of automobiles, iron and steel, food processing, textiles and chemicals. Industry accounts for approximately 35% of the GDP and 18% of the labour force. It is mostly concentrated in the Sao Paulo area which accounts for about 60% of the country's industrial output.

Agriculture continues to play an important role in the economy and more attention is being given to developing this sector in government policies. Agriculture employs about 44% of the labour force and accounts for nearly 20% of the GDP. Agricultural products are the major earner of foreign exchange, accounting for nearly 60% of Brazil's exports. Coffee alone, accounted for 27% of total exports in 1971. Other important products are cotton, sugar, tobacco and rice. Livestock production is also of substantial importance to Brazil.

Recent efforts have been made to develop the country's fishing industry, having as its aim 900,000 tons a year.

Brazil has vast untapped resources of hydro-electricity and major projects are underway on the Parana River.

The recent economic policies of the Brazilian Government toward stabilizing the economy and curbing inflation have generally been successful. Looking to the future, there is no doubt that Brazil has tremendous economic potential.

The basic aims of Brazil's economic development policy are to increase, significantly, its own industrial capacity and limit import dependence to such commodities as fuel, chemical products and capital goods.

2. Agriculture

Agriculture is the principal field of employment in Brazil and agricultural products comprise the major part of Brazilian exports. About 60% of Brazil's foreign exchange is derived from agricultural exports. Brazil leads in the export of coffee and is one of the world's largest supplier of cocoa, sugar, sisal, cotton, vegetable oils and waxes. The country is self-sufficient in most agricultural products except for a few temperate zone commodities such as wheat.

Agricultural production in 1971 increased by 11%. This was due to the 120% gain in coffee production after the poor year 1970. The increase for 1972 was estimated at approximately 8%.

According to the Oxford Economic Atlas of the world, land use in Brazil is as follows:-

Arable and orchard	2.2%
Permanent meadows and pastures	15.6%
Forest and woodland	46.5%
Waste and unproductive land	35.7%

Approximately 45 million acres are cultivated with the major portion being in the four southern states of Sao Paulo, Parana, Santa Catarina and Rio Grande do Sul. Characteristic of the agricultural sector in Brazil is the number of small plots (minifundia). According to a government survey in 1965, 90% of the farms were 250 acres or less, but accounted for only 20% of the total farm area. They were considered subsistence farms. Large estates of 25,000 acres or more constituted one-half of 1% of the number of farms but accounted for 14% of the total farm area.

The following reflects the general distribution of the agricultural sector of the economy among the regions of the country.

North:	rubber, wood and Brazil nuts
Northeast:	livestock, babussu, carnauba wax and oiticica oil
East:	livestock, cocoa, coffee, manioc, beans and rice
South:	sugar, rice, dairy products, corn, coffee and wheat.
Central-West:	livestock and subsistence food crops.

According to the Europa Year Book, the production of selected crops 1967-1970, in Brazil was as follows:

AGRICULTURE

('000 tons)

	1967	1968	1969	1970*
Coffee	3,015	2,115	2,507	1,726
Cotton (Ginned)	1,692	1,999	2,111	2,173
Maize	12,825	12,814	12,693	15,381
Beans (<i>Feijão</i>)	2,547	2,420	2,200	2,305
Rice (unhulled)	6,792	6,052	6,394	7,482
Manioc	27,268	29,203	30,074	31,181
Wheat	629	850	1,374	1,657
Potatoes (incl. Sweet Potatoes)	3,692	3,727	3,682	3,717
Sugar Cane	77,087	76,611	75,247	91,113
Cocoa	195	149	211	226
Oranges	2,505	2,717	2,897	3,339
Tobacco Leaf	243	258	250	244
Bananas (mill.)	8,056	8,437	9,266	9,871
Ground Nuts (unhulled)	751	754	754	928

* Provisional figures.

Brazil is the largest coffee-producing country in the world, accounting for over one-third of the world's coffee supply.

Previously, coffee provided over one-half of Brazil's export earnings, but with the rest of the economy expanding, the country's dependence on this product has been reduced. In 1971, coffee accounted for 27% of total exports compared to 41% in 1968. Nevertheless, coffee is expected to remain of major importance to the economy.

During most of the 1960's over-production of coffee was a problem and a large amount of money was spent to encourage farmers to diversify to prevent further build up of stocks. This diversification programme was just completed when frost hit Parana, the leading producer, followed by drought in Sao Paulo, another major producer. A serious threat to Brazil's coffee production at the present time is the spread of coffee rust disease which is affecting the major producing areas.

The ideal production level to cover both domestic and export demand is about 28 million bags. In 1970, production was less than 10 million bags. In 1971, production increased about 120% but no significant increase in production occurred in 1972.

Brazil is a member of the International Coffee Agreement (ICA) which has considerable influence in the coffee trade and the orientation of the flow of exports. Brazil's marketing policy at the present time appears to be that it would prefer to export less coffee at a higher price rather than more at a lower price.

The trend towards increasing use of instant coffee offers Brazil the opportunity of significantly increasing its exports of manufactures.

Cotton is also an important export crop, and in 1971 accounted for 5% of Brazil's total exports. Parana is the chief cotton producing state. The main buyers are Germany (East and West), the Netherlands, Hong Kong, Japan and Belgium-Luxembourg.

Brazil is an important world producer of sugar. Production is controlled by the government through the Sugar and Alcohol Institute. Annually a production plan is set, establishing a quota for domestic consumption of sugar and an allocation of exports of raw sugar and setting the prices of sugarcane and sugar.

Other export crops of importance to the country besides coffee and cotton are soyabeans, sisal, cocoa, tobacco and nuts.

Farm productivity in general in Brazil is low. Due to the smallness of the farms many are not suitable for mechanization and the use of fertilizers is limited because of relatively high prices.

Other problems hindering agricultural development have been inadequacy of transportation facilities, insufficient capital and credit availability, as well as outdated agricultural methods. In addition, an insufficient network of warehouses and silos has been a serious deterrent to growth. The lack of storage facilities often forces the farmer to dump his total current production on the market.

Since 1964, and particularly in recent years, the government has been placing more attention on agriculture realizing the importance of food prices in controlling inflation and the export potential of other agricultural products besides coffee.

Various measures are being undertaken by the government to ensure that the present growth rate is maintained or improved upon and much of the present investment in infrastructure is related to the agricultural sector. A land reform programme designed to bring currently unused land into production, as well as providing work and land for some of the unemployed people in the North-East is underway.

In 1970, a National Integration Program (PIN) was instituted whose objectives include extending agricultural services to the Amazon Basin, integrating the settling of the Amazon Basin with that for developing the Northeast, and redirecting migration from the Northeast to this area rather than the major urban centres.

In addition, the Central Bank has established a Guided Rural Credit Program, providing loans to small-scale farmers and stock breeders in the Northeast and Amazonia.

In 1971, the Government evolved a program giving agrarian reform in the North and Northeast top priority. The main objectives are to finance the purchase of land for small and medium sized-farms, promote increased production of agricultural inputs, finance the expansion and modernization of agro-industrial undertakings (particularly sugar-refining) guarantee minimum export prices and develop research programs. This complements the work of PIN in the same area.

3. Livestock

Breeding and raising livestock is one of the basic factors in Brazilian agriculture. Brazil ranks third on the world basis in numbers of cattle and hogs. The following table shows an increasing trend in the animal population in Brazil.

LIVESTOCK
('000)

YEAR	CATTLE	HORSES	DONKEYS AND MULES	PIGS	SHEEP	GOATS
1965 . .	90,505	9,344	7,707	63,534	22,312	14,258
1966 . .	89,969	9,155	7,603	62,080	22,170	13,927
1967 . .	89,896	9,238	7,775	63,406	23,065	14,392
1968 . .	92,739	9,146	7,826	64,924	24,606	14,815
1969 . .	95,150	9,100	7,751	65,867	24,449	14,637
1970 . .	97,864	9,114	7,745	66,374	24,727	14,609

Source: The Europa Year Book.

Large areas of the centre of Brazil, notably the southern part of the State of Goia and parts of the State of Bahia as well as the States of Minas Gerais, Mato Grosso, Sao Paulo, Rio Grande do Sul, are eminently suitable for the raising of cattle. The State of Sao Paulo is by far the largest poultry-producing area in Brazil.

Greater numbers of cattle and pigs occur in Brazil than in Argentina. Beef production, however, is considerably lower and beef exports much smaller. The fundamental reason for the low exports, as compared with Argentina, is that Brazil has a much greater home market to serve, although deficiencies in transport facilities and packing plants also contribute to the situation.

Brazil ranks, after Argentina, as the second largest exporter of hides and skins in South America. It imports regularly pure bred animals which are sold to farmers for crossing with the native stock. Dairying is not developed as a highly specialized industry.

Incentives are given to ranch owners to expand and improve cattle stocks, which could provide a significant export industry as well as a substantial boost to the Matto Grosso area.

4. Forestry

Roughly 56% of the country is covered by three major forest areas: the Amazon tropical rain forest, the coastal subtropical rain forest along the eastern seaboard and the Parana Pine Forests of the temperate southern highlands.

According to the FAO's World Forest Inventory, Brazil had 12.0% of the globe's forest, second only, after the Soviet Union, in total forest area. However, in accessible forest, Brazil ranks fourth, after the United States, Canada and the Soviet Union.

About three million hectares of the forest being utilized are in coniferous trees, 84.9 million hectares in non-conifers, and 1.0 million hectares in mixed stands. Except for one coniferous type (the so-called Parana pine), the trees are broad leafed).

Apart from timber, the forest provides such valuable commercial products as rubber, carnauba wax, babasow nuts, oiticica and Brazil nuts, the exports of some of which are more important than exports of timber.

The broad range of latitudes, altitudes and soils to be found in Brazil is conducive to wide variations in the composition of the forest. The exploitation of the forest has been limited in various areas by the problems of accessibility, transportation, and labour shortages. Most of the logs cut in Brazil are used for fuel. The Parana pine is the most important tree from a commercial standpoint.

Lumber occupies an important place among Brazil's exports.

Brazilian forests of the north yield thousands of tons of Brazil nuts which are exported to England and the United States. The total export of nuts from Brazil in 1970 was U.S.\$13.6 million.

The state of Parana is carrying out a reforestation project which envisages the planting of some 200 million trees between 1970-1974.

In 1966, the Brazilian Forestry Industry (IBDF) instituted an incentive program whereby a certain percentage (originally 50% later reduced to 35%) of corporate income tax could be channelled directly by companies of any business into reforestation projects. This program has been most successful and has resulted in pulp and paper producers planting their own forests. Under this program one billion trees have been planted in southern Brazil to date. These plantations are ideally suited for mechanical harvesting.

With the colonization program taking place in conjunction with the construction of the Amazon highway, sawmilling may be one of the activities by which these settlements enter economic life. Presently, however, Southern Brazil is the centre of pulp, paper and sawmilling operations. The States from Espirito Santo south to Rio Grande do Sul account for 95% of paper production and 98% of pulp production. The States of Santa Catarina and Parana produce over 90% of softwood lumber, plywood and chipboard.

Pulp and paper production is expanding, and major reorganization and expansion is taking place within the pulp and paper industry. Traditionally the industry has been dominated by a few large firms, with many others supplying small tonnages and specialized markets. The government is attempting to increase the average size of production units by granting import duty exemptions on foreign equipment and by other means to projects having a capacity of at least 200 tons a day.

5. Fishery

Despite Brazil's extensive coastline and thousands of miles of rivers and streams, the Brazilian fishing industry is not large and fish makes a comparatively small contribution to the diet of Brazil's populace. The Brazilian fishing industry has very low productivity. Lack of adequate equipment leads to an average catch of a little over one-half ton yearly per fisherman, in comparison with 60 tons for the Norwegian fisherman.

In 1962, the Superintendency of Fishery Development (SUDEPE) came into being, as a federal autonomous agency. It has for its main objective the preparation and promotion of a national plan for fishery development. The new legislation grants special incentives to fishing. Until the fiscal year 1972, the importation of fishing boats, equipment, machinery, accessories, spare parts, tools and necessary outfits for the fishing industry will be exempt from import duties, from the tax on industrial goods and from customs clearance taxes, provided the importation is made by legal entities in accordance with projects which have been approved by SUDEPE.

Similar exemptions are granted to the importation of machinery, equipment, spare parts, tools and accessories by firms engaged in the production of capital goods and of items designed for utilization in the catching industrialization, transportation and commercialization of fish.*

With these incentives, some progress is being made in overcoming the greatest obstacles to the development of the fishing industry, which have been its lack of modern equipment and the inadequacy of refrigerated storage space and transportation facilities.

The reported fish catch, 1964-1969, in Brazil was as follows:

FISHING (metric tons)					
1964	1965	1966	1967	1968	1969
377,008	422,289	435,787	429,422	500,387	501,197

Source: The Europa Year Book

*According to projects approved by the Ministry of Industry and Commerce.

6. Industry

Even before the Second World War, manufacturing was an important part of Brazil's economic activities. However, the difficulties and opportunities during the War did much to consolidate and foster Brazilian industry. Industrial expansion has been the most significant feature of the Brazilian economy in recent decades.

In 1969, 1970 and 1971, industrial production rose about 11% annually and in 1972 growth was approximately 12%. The share of industry in the GDP has increased from 32% in 1967 to nearly 35%.

Initially, Brazil's industrial development consisted primarily of the production of consumer goods, but during recent years the heavier type industries have begun to assume importance. Now, Brazil has a large, relatively sophisticated industrial sector, ranging from basic industries such as steel, chemicals and petro-chemicals to finished consumer goods.

Investment in industry has grown rapidly, although an important part of the increased capital represents the reinvestment of reserves and of profits earned by foreign investors who have not been able to remit them abroad. With surplus capacity low, future growth will require continued high levels of investment, but it appears that this will be available. Investment approved by the Council for the Development of Industry in the first half of 1972 was 35% higher compared with the same period in 1971.

The Brazilian Government has adopted a programme of encouraging the production of basic manufactures. This has produced pressure on foreign exchange resources for the purchase of capital equipment.

On an individual basis, food processing industries lead in value of output. Metal processing, chemicals, textiles and transportation are also important and together with food account for almost two-thirds of total production. Other important groups include machinery, non-metallic minerals, electrical and communications equipment, wood furniture, paper, clothing and shoes, rubber and leather.

The metallurgical, chemical, transport equipment and capital goods industries have been the most dynamic manufacturing sectors in recent years and are expected to continue to be so in the 1970's. The annual capacity of the steel industry is expected to rise from 6 million tons in 1971 to 11.2 million tons in 1974 and larger relative increases are anticipated for caustic soda, soda ash, thermoplastics and fertilizers. A \$126 million petrochemical complex just opened by a state-private consortium is expected to have an annual production of 900,000 tons by 1976. Motor vehicle production which increased from 226,000 units in 1967 to over 500,000 in 1971 is expected to continue expanding substantially. Based on the expansion of these industries, the mechanical and electrical equipment industries are also expected to expand significantly.

The areas adjacent to the cities of Sao Paulo, Rio de Janeiro and Belo Horizonte are the most highly industrialized sections of the country. Sao Paulo is one of the largest industrial centres in South America and accounts for nearly 60% of Brazil's industry.

The Government has been trying to decentralize industrial production by diverting industry to other areas, for example, the Paraiba Valley, between Sao Paulo and Rio de Janeiro. Special incentives offered by the government have resulted in the establishment of a variety of new enterprises in Recife. Several important car producers are opening new plants in this area.

In general, industry in Brazil is privately owned with the exception of a few government controlled corporations operating in heavy industry and in transportation and communications. The Government has a monopoly in petroleum development.

The production of selected commodities in Brazil 1968-1970 was as follows:-

INDUSTRY				
	UNIT	1968	1969	1970
Crude Petroleum . . .	('000 cu. metres)	9,510	10,170	9,686*
Asphalt	(tons)	673,024	648,638	702,295
Electrical Power . . .	(million kWh.)	38,181	41,648	45,460
Steel Ingots	('000 metric tons)	4,453	4,925	5,390
Rolled Steel	(")	337	355	n.a.
Shaped and Steel Bars . .	(")	796	700	n.a.
Steel Plates	(")	1,442	1,621	n.a.
Cement	(")	7,241	7,781	8,811
Pig Iron	(")	3,369	3,717	4,205
Sugar	(")	4,204	4,216	5,070
Aluminium Ingots . . .	(tons)	51,505	56,069	n.a.
Aluminium Rolled Products	(")	26,319	37,207	n.a.
Paper	(")	800,684	849,192	1,081,000
Fertilizers	(")	603,433	625,945	n.a.
Tyres	('000)	6,581	6,930	8,467
Motor Vehicles	(")	279	352	416

* Including 151,720 cubic metres of natural gas liquids.

In 1970, Brazil revised its national manufacturing policy. The two principal objectives are to promote a more balanced participation between public and private enterprises and to place more emphasis on exporting by the national industries. To accomplish this, the Programa de Intergracao Social was created to provide medium-term working capital loans to private firms, the Fundo de Reorganizacao e Modernizacao to raise the efficiency of traditional manufacturing industries, and the Conselho de Desenvolvimento Industrial (CDI) was reorganised to improve the administration of national manufacturing policies.

Iron and Steel Industry: With its large deposits of iron ore, the creation of an iron and steel industry was a natural development for Brazil, and its expansion has received great impetus in recent years with the increasing demand from various industries for steel products.

Brazil's steel plants are located in the States of Minas Gerais, Sao Paulo and Rio de Janeiro because of ores in Minas Gerais and because of transportation facilities for imported coal, and the large markets of Sao Paulo and Guanabara States.

Total steel production in Brazil presently accounts for around 6.4% of industrial production, 1.8% of G.D.P. and 1% of world production. Brazil exports steel to 40 countries with Argentina taking nearly two-thirds.

The three large state corporations, The National Steel Company (C.S.N.), Usinas de Minas Gerais (Usiminas) and the Companhia Siderurgica Paulista (Cosipa) are involved mainly in producing flat-steel products which account for approximately 55% of total production. More than 40 private companies produce other types of steel and the Government has been trying to encourage them to work on a co-operative basis.

Brazil produces around 95% of its steel requirements, but imports large quantities of special steels.

The major consumers are the construction, motor vehicle and printing and packaging industries followed by the railways. Shipbuilding is of growing importance.

Brazil's steel production has increased each year since 1968 and Brazil is currently the largest steel producer in Latin America.

Although the demand for and production of steel in most western countries has been pretty static or fallen the past two years, in 1971 in Brazil consumption rose 28% and production increased 11.8%.

Steel Production in Brazil 1967-1971
'000 Metric Tons

1967	..	..	..	..	3,732
1968	..	..	..	..	4,452
1969	..	..	..	..	4,920
1970	..	..	..	..	5,364
1971	..	..	..	..	6,000

Source: United Nations Monthly Bulletin

A major expansion program for the steel industry is planned over the next decade with a target of 20 million tons or more by 1980. The three state corporations will be responsible for one half of this goal.

Heavy foreign investment will be required for the expansion program, with the public share alone being around \$U.S. 600 million. Much of this has already been obtained from the World Bank and the American Export-Import Bank. Nippon Steel has also agreed to finance a steel mill using iron ore from Amazonia.

Motor Vehicles: The motor vehicles industry began to develop after the Second World War. Initially, its aim was to produce replacement parts for imported vehicles, but it later directed its efforts to producing parts for the first assembly plants installed in Brazil.

In the decade between 1957-1967, the assembly of cars and trucks in Brazil had increased approximately seven-fold. During this period, domestically produced vehicles almost completely replaced imports and Government decrees forced manufacturers to increase the domestic content of locally assembled vehicles to about 99%.

In Brazil, there are ten manufacturers of vehicles. Manufacturing costs are high by world standards. A light truck manufactured in Brazil, with 99% domestic content, costs 80% more than an imported truck* .

Subsidiaries of foreign companies have played a major role in the development of the motor vehicle industry and account for about two-thirds of the annual output. The industry, however, is still a high cost producer. The prices per unit are much higher than the prices of comparable units produced in Canada or the United States.

* Source: Jack Baranson: Automotive Industries in Developing Countries - World Bank Report, May 1968.

Brazil is today among the ten largest world producers of motor vehicles. The principal plants are Ford, General Motors, Volkswagen, Mercedes Benz and Berliet, Alfa Romeo and Fiat.

Volkswagen is the major producer in Brazil accounting for nearly 58% of production in 1971. The company planned to raise its output from 1,200 to 1,600 units per day by the end of 1972. It is however, facing stronger competition from the American makers who plan to introduce smaller models in 1973. Toyota is also producing in Brazil. However, the most serious threat to Volkswagen is the plan of Fiat to set up a new plant in Minas Gerais to produce 150,000 cars a year.

More than other Latin American car-producers, Brazil has joined the world trend in narrowing down the range of models and using up idle productive capacity.

Some Brazilian manufactures are finally getting into the export market. Chrysler sends truck cabins to its Argentine subsidiary, Ford to Buenos Aires. Ford is also investing in a plant to make engine blocks for parent company in Detroit, and Volkswagen exported \$15 million worth of finished vehicles to Peru the first four months of 1972 compared to \$1.7 million in 1971.

The production of motor vehicles has increased steadily since 1965 and in 1971 reached a record level of 515,000 units. At present growth rates, production is expected to reach 1 million by 1976. Nearly \$540 million will have been invested between 1970-1975 in expansion programs and introducing new models.

Motor Vehicle Production 1965-1971
000's

	<u>Automobiles</u>	<u>Commercial Vehicles</u>	<u>Total</u>
1965	115	72	187
1966	135	90	225
1967	141	85	226
1968	169	109	278
1969	243	109	352
1970	255	161	416
1971	363	152	515

Source: United Nations Bulletin

Electrical Industries: Brazil produces a wide range of electrical goods from appliances and electrical equipment and machinery to telecommunications equipment.

Brazil is manufacturing TV sets, radios, phonographs, domestic refrigerators, air conditioners, washing machines, floor polishers, blenders, vacuum cleaners, etc.

Brazil produces transmission lines, insulators, high tension cables, transformers, circuit breakers, etc. It also produces all kinds of electric motors, diesel engine alternators, etc. Production of heavier types of electrical equipment is however limited and the output of these is not large.

Some electrical equipment is still imported by Brazil, as well as a small percentage of components for machinery produced in the country.

In 1971, the electronics industry increased production by 18%, the most notable rise being in air conditioners, ventilators, refrigerators, radios and televisions. In 1971, Brazil started producing colour television sets, but the price is very high.

The problem of the electronics sector is idle productive capacity estimated at 40% for the industry as a whole, due to small-scale operations. Closer integration with the big world producers is probably a solution, which would also open up new export possibilities.

The Government's ambitious telecommunications plan will provide a lot of business for some local companies.

Textile Industry: The textile industry occupies an important place in Brazilian manufacturing. The most important is the manufacture of cotton goods, followed by the wool, rayon and flax industries. It is the largest single industry, employing over 255,000 workers in some 2275 establishments.

In Brazil, there are several hundred cotton mills, mainly in Sao Paulo, Recife and Rio de Janeiro. The industry has had a number of difficulties to contend with in recent years.

A sharp rise in the price of cotton inside Brazil, the fact that exports no longer enjoy the same importance as they achieved in World War II and post-war years, and Government restrictions against imports of cheaper cotton from world markets, were some of the reasons for continued difficulties.

The woollen textile industry is old and established but further expansion has not taken place in recent years. The industry is moving steadily towards producing finer qualities, and imports of fine quality worsteds have been progressively reduced. The use of artificial and synthetic fibres in Brazil is increasing.

Problems facing the textile industry have been the number of small firms competing against each other and the high degree of obsolescence in the textile machinery in Brazil.

The Brazilian Government has worked out a large textile re-equipment program with an estimated total cost \$264 million. Emphasis is being placed on mergers and export promotion.

Food Industries: A large number of industries is concerned with the preparation of foodstuffs. Meat-packing is important, especially in the southern States; flour milling is important in the Rio de Janeiro area, where it is based upon imported wheat. There are nearly 300 sugar refineries in the north; dairy products are produced in the Eastern and Southern States.

Chemicals: A very wide range of chemical products is now manufactured in Brazil, frequently by subsidiaries of foreign firms. The manufacture of pharmaceutical products is well established.

In paints and varnishes, inks and cleaning products, Brazil is practically self-sufficient. Production of fertilizers has also developed. More recently, Brazil has made considerable progress in the manufacture of plastics.

Petrochemicals is now a major growth industry, as were motor vehicles in the 1950's and shipbuilding and iron and steel in the 1960's.

A new petrochemical complex has been opened by Petroquimica Uniao, a mixed venture composed of the state petrochemical

company Petroquisa, a major private oil refinery and the Moreira Salles banking group. It is expected to produce 900,000 tons of petrochemicals products by 1976. The consortium's emylene plant will have an annual output of 310,000 tons and butadene, xylenes and polyethylene will also be produced.

Foreign investors are interested in this sector and Shell de Brasil, ICI and Dow are planning to set up a new complex in the Sao Paulo area with Petroquisa.

There are a number of factors favouring Brazil's growing petrochemical industry.

One is Brazil has a constantly expanding domestic market for these products; for example, the tire manufacturers and their continuous demand for synthetic rubber.

Secondly, there is a guaranteed supply of naptha from the state petroleum corporation, sold at a fixed dollar contract under a 10 year contract.

Thirdly, Brazil can practice economies of scale, as the market for products is largely through long-term contracts and self-absorption by big conglomerates such as Union Carbide.

Pulp and Paper Industry: The pulp and paper industry is concentrated mainly in the South, near the more populated consumer centres. Domestic production covers a significant part of domestic needs. The gap between domestic production and consumption is filled by imports.

The development of pulp and paper is hampered by the lack of private investment and a shortage of adequate basic raw materials.

Parana Pine, which has excellent fibre, is dwindling rapidly due to increasing depletion of the lumber industry. Eucalyptus has become a substitute for pinewood in making pulp, due to its very short growth cycle.

Cement Industry: The Brazilian cement industry has been expanding vigorously. From 774,387 metric tons in 1945, production increased to 7,300,000 metric tons in 1968, and 9,700,000 metric tons in 1971.

The output of Portland cement is sufficient to meet Brazil's needs, but transport difficulties continue to obstruct the fulfillment of the demands for cement in some regions. To bridge the gap between production and consumption of cement, Brazil is importing cement.

Shipbuilding

Brazil's shipbuilding is small on a world basis, but the Government's plan to increase the size of the national merchant fleet from 2.5 million tons to 4 million tons by 1975, has given local shipbuilders a large stimulus.

The major builder Companhia Comercio e Navegacao has been building coasters, tankers, automated cargo liners and off-shore oil-rigs. The other major shipbuilder is Ishikawajima which recently won a contract for five 130,000 ton superfreighters.

The long term hopes of Brazilian shipbuilders lie in building for exports, but prospects currently are poor, due to the present world situation of over capacity.

7. Mining

Known mineral resources are almost unlimited in variety and size of reserves, and further exploration continues to add new discoveries. Iron ore reserves are especially large and constitute an important export. An extensive petroleum exploration programme is underway.

Recent surveys have revealed unknown quantities of uranium in the Serra da Moeda and zinc, aluminium and phosphates in the state of Minas Gerais. Copper deposits estimated at 150 million tons have been discovered in Bahia State.

The Brazilian production of selected minerals, 1964-1969 was as follows:-

MINING

	1964	1965	1966	1967	1968	1969
Bauxite . . . ('000 metric tons)	132	188	250	303	314	362
Coal . . . (" " ")	2,990	3,137	3,666	4,339	4,828	5,127
Iron Ore . . . (" " ")	16,962	20,753	23,254	22,298	25,123	27,157
Manganese Ore . . . (" " ")	1,349	1,396	1,455	1,358	2,097	2,011
Lead . . . (" " ")	236	267	332	296	321	341
Dolomite . . . (" " ")	330	223	201	225	353	707
Sea Salt . . . (" " ")	754	1,200	1,433	1,087	1,248	1,630
Gold (kilos)	4,433	4,822	5,224	5,368	5,325	5,354
Silver (")	9,458	7,085	6,916	14,888	14,296	12,170

According to recent studies, the present known Brazilian iron ore reserves are estimated at 40 billion metric tons. In 1970, iron ore production amounted to 30 million tons, an increase of 10% over 1969.

Brazil is the world's third largest producer of manganese ore. Its known reserves are estimated at 152.5 million tons. The U.S. is the most important buyer of Brazilian manganese.

Brazil has some limited reserves of coal of inferior quality and had to import about one million tons in the past few years.

Brazil currently produces about half its domestic crude oil demand and refines about 97% of its oil product requirements. In 1971, crude oil production amounted to 5 million metric tons compared to 8.2 million metric tons in 1970 and 8.4 million metric tons in 1968.

The Brazilian Government has a monopoly on all petroleum activities, excluding the distribution of oil products and the petrochemical industry. This monopoly is carried out by a federally-controlled company - Petrobras.

Despite the fact that mineral resources of Brazil have not been developed in proportion to potentialities, mineral production has increased considerably since the early 1950's.

Nevertheless, Brazil has a high rate of imports of minerals which could be produced at home. Imports account for about 60% of domestic mineral consumption.

Excluding fuels, the main imported raw minerals are asbestos, cassiterite, sulphur and natural sodium nitrate. Brazil also imports the following metals: copper, aluminum, nickel, lead, zinc, tin, iron and steel.

Traditionally Brazil has tried to keep its mineral resources under Government control. It has however, recently announced a change in mining policy, and now is encouraging "private national" capital to develop the country's mineral resources. This change has been bought about by the low rate of production in relation to the high level of imports. While the position of foreign capital has not

been clarified, it will undoubtedly be required and in fact foreign companies are already involved to some extent in Brazil's mining. For example, United States Steel Corporation, Hannah Mining Corporation, Alcan, Alcoa and Rio Tinto. This new mining policy is in direct contrast with those of other Latin American countries.

8. Finance

a) The Monetary System: The unit of Brazilian currency is the cruzeiro. In August, 1968, Brazil put in force a special system of adjustment in the exchange rate. The exchange rate is based on consideration of relevant price trends and the level of foreign reserves. The exchange authorities are now following a system of 'mini-devaluations', i.e., small adjustment at frequent but irregular intervals to keep the exchange rate approximately in line with the rise of internal prices.

The exchange rate, Cruzeiros per U.S. dollar at the end of the period 1965-1972 was as follows (free rate):

<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>October 1972</u>
2,220	2,220	2,715	3,830	4,350	4,950	5,635	6,095

Foreign exchange reserves amounted to US\$2.7 billion in July 1972.

The improved fiscal record of the Brazilian government in recent years has restored creditor confidence to a great degree. There is also evidence of considerable success in increasing government revenues through improved tax collections and in stabilizing government expenditures, a traditionally principal source of inflation.

World Bank loans to Brazil in 1971, amounted to US \$256.4 million. I.D.B. loans totalled US\$ 138.4 million and Inter-American Development Bank loans amounted to US \$148 million, and Eximbank US \$93.1 million

b) Banking and Insurance: Banking in Brazil has undergone considerable changes over the past ten years. Prior to 1964, there was no central bank. This function was shared by the Bank of Brazil and various government agencies, especially the Superintendency of Currency and Credit. In 1964, a Banking Reform law was introduced which created Banco Central do Brazil and a National Monetary Council. Contrary to usual practice, the Central Bank does not set monetary policy, but acts as the agent of the National Monetary Council. Brazilian national monetary institutions include the National Monetary Council, the Central Bank and the Banco do Brazil.

The Central Bank of Brazil performs various important functions. It issues currency and coins under conditions and limits authorized by the National Monetary Council. It controls foreign capital, authorizes and supervises financial institutions in the country and is an instrument of Brazilian monetary policy. The Central Bank operates exclusively with public and private financial institutions.

The Bank of Brazil, S.A. is the financial agent of the National Treasury. It supplements the activities of the banking network in the financing of exports and imports, and is the Government's tool in the execution of foreign trade policy. The Bank of Brazil, acting on its own behalf, or on behalf of the Central Bank, carries out a large proportion of all exchange transactions.

The National Bank for Economic Development (BNDE), manages the resources for financial backing of undertakings held to be fundamental to the growth of the Brazilian economy.

A notable development has been the rapid rise in the number and importance of investment banks relative to commercial banks (which lend mainly on short term) and finance companies (which have been limited to consumer financing). The investment banks lend mainly medium-term working capital. Nevertheless, total lending by commercial banks is still much greater. They are, however, less strong than in Europe and North America.

The main financial centres are Rio de Janeiro and Sao Paulo. Most of the banks and finance companies have their headquarters in one of these two cities. Rio is also headquarters for the most important government financial institutions.

In December 1968, the Royal Bank of Canada sold a 50% interest in its Brazilian subsidiary, Banco Real do Canada, to the Bank of America.

c) Investment: The success of economic development in Latin America depends on the creation of a favourable climate throughout the hemisphere for private investment. The hope is for an increased tempo in the self-help measures of Latin America.

The concept of self-help, including social, and economic reform, is a cornerstone of the Alliance for Progress which was initiated by the U.S. President Kennedy in 1961.

The Brazilian Government is making a determined effort to promote investments. Incentives offered to national capital for investment in certain regions, are also extended to foreign capital.

The only areas not open to foreign investment are domestic airlines, coastal shipping, newspapers, radio or television stations and fishing, and to some extent petrochemicals and mining. Otherwise foreign capital may enter freely into Brazil and be treated identically to local capital. Brazil does not limit the percentage of foreign ownership or its form of organization.

The inflow of new capital has quickened of late, reflecting the revival of foreign investor confidence in Brazil.

The degree of foreign participation in Brazilian industry is substantial, amounting to 22% of the capital of all existing industrial enterprises, or 32% of medium and large firms. The proportion ranges from 95% in the automotive industry and 82% in pharmaceuticals to 57% in auto parts, 55% in machinery and equipment, 45% in chemicals, 32% in foodstuffs, 32% in aluminum, 30% in paper and pulp, and 10% in cement production.

Total foreign investment in 1970 in Brazil was estimated at US\$4.75 billion. Of this US\$1.8 billion (38%) came from the U.S.. Canada is the second largest investor with US\$665 million or 14%. Other major investors include West Germany with US\$5.23 million (11%), Switzerland with US\$380 million (8%), the U.K. with US\$ 285 million (6%) and Japan with US\$235 million (5%). *

* Source: Business International

In 1971, foreign investment in Brazil amounted to US\$1,790 million and profits reinvested amounted to US\$1,120 million. For both the U.S. and France reinvestment was greater than investment.

The following table shows foreign investment in Brazil for the years 1970 and 1971.*

Country (Principals)	Investment US\$m.		Reinvestment US\$m.		Totals US\$m.	
	1971	1970	1971	1970	1971	1970
1. USA	544	526	552	460	1,096	986
2. W Germany	238	181	93	72	331	253
3. Canada	236	220	58	40	294	260
4. United Kingdom	81	71	192	137	273	208
5. Switzerland	191	114	33	18	224	132
6. France	130	32	—	2	130	34
7. Japan	125	102	—	3	125	105
8. Sweden	58	28	—	13	58	39
9. Belgium	54	38	—	8	54	46
10. Luxembourg	36	30	—	0.1	36	30
11. Netherlands	36	22	—	1	36	23
12. Italy	32	28	—	4	32	32
13. Others	29	155	192	44	221	199
Totals	1,790	1,545	1,120	820	2,910	2,347

Investment in various sectors was as follows:*

Line (Principals)	Investments US\$m.
Metallurgy in general	213.6
Mechanical industry	123.6
Transport material	405.5
Commerce—import and export	82.2
Paper and Cellulose	67.8
Timber and rubber products	103.6
Chemical industry	624.4
Textile industry	69.7
Foodstuffs	135.4
Beverages industry	112.1
Tobacco industry	112.1
Production and distribution of electricity	141.9
Plastic products	17.8
Technical and Auditor services	18.9
Administration, Representation and Participation	77.0
Mineral extraction industries	261.0

The Canadian-owned Brazilian Light and Power Company, under the terms of sale of its telephone utility to the Brazilian government, is committed to reinvest \$65 million within the country in financial, industrial and agricultural projects. To handle this activity it has created two investment subsidiaries: Organizacao e Empreendimentos Geraes, and the investment bank Brascon.

9. Public Utilities

a. Energy

The production of electricity has been increasing steadily in Brazil as can be seen from the following table.

<u>Electricity Production 1967-1971</u>				
<u>million kwh</u>				
<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
34,236	38,184	41,652	45,456	48,264

Source: United Nations Monthly Bulletin.

The development of Brazil's electric generating capacity during the past, has generally kept pace with demand, but building of the distribution system lagged behind expanding markets and this at times has meant severe problems for further industrial development. Brazil's hydro-electric potential is among the highest in the world. Recent estimates placed generating potential at 150 million kilowatts.

Installed electric generating capacity, at present some 11 million kilowatts, is expected to reach 18 million kilowatts by 1976, supported by several major hydro-electric schemes in which financial assistance provided by the World Bank will play a prominent role.

In 1970, the Inter-American Development Bank granted a third loan in support of Brazil's largest hydro-electric complex - the 4.6 million kilowatt project on the Parana River.

Brazilian Light and Power Company of Toronto is one of the largest investors in the field of utilities. With an installed capacity of 2.1 million kw and a yearly production of about 11 billion kwh, Brazilian Light and Power Company is responsible for about 37% of all electric power generated in Brazil.

In 1956 Brazil set up the National Nuclear Energy Commission (CNEN) as a civil service department directly subordinate to the President of the Republic. The country's first nuclear power generator is to be built in the State of Rio de Janeiro, with the aid of a loan of \$138 million from the American Import - Export Bank.

Natural gas production in 1971 was 1.2 billion cubic metres, compared to 1.3 billion cubic metres in the two previous years.

b. Transport

Brazilian transportation is dependent upon rail, highway and river traffic from the areas producing basic commodities to the nearest seaport, and by shipping along the coast. Recently Brazil began to develop a highway network to supplement coastal shipping.

Transport has always played a dominant role in the economic development of Brazil, because of its heavy reliance on export crops and the need to open new lands for productive use.

The size and rapid development of Brazil and its economic expansion have resulted in heavy demands on the transportation system. The inadequacy of transportation is often blamed for economic difficulties.

Brazil has very extensive inland waterways with a natural navigable extent of 19,575 miles. The rivers widely used for transportation are the Amazon, the Sao Francisco and the Parana-Paraguay.

The Brazilian coast, densely populated, has extensive ocean communications, while the interior remains low in population density and lacks adequate transportation. Road and railways are traversing from the interior to the coastal cities, with few and deficient interconnections between them.

Brazil's seaports are important to its trade, foreign as well as domestic. There are about 40 seaports, the majority of them with inadequate equipment which is leading to serious congestion problems. Therefore, the Brazilian transport policy is directed substantially towards port modernization.

The major ports are Santos, Rio de Janeiro, Vitoria, Paranagua, Sao Sebastiao and Recife.

The national fleet controlled by 34 companies with their own or chartered vessels earned approximately 38% of total freight revenues in 1971. Bulk carriers accounted for 80%.

The merchant fleet has about 350 vessels. Its present tonnage of 2.4 million tons is to be increased by 1.6 million tons by 1975, mostly through the addition of bulk carriers.

The growth of Brazilian shipping has been steady and is expected to continue. This has been due to the development of the petroleum industry and iron-ore deposits.

The number of vessels and freight entered into Brazilian ports 1966-1970 was as follows:

SHIPPING (Vessels and Freight entered)		
YEAR	NUMBER OF VESSELS	FREIGHT ('000 metric tons)
1966 . .	22,411	62,864
1967 . .	37,430	60,506
1968 . .	42,202	68,783
1969 . .	41,042	72,591
1970 . .	40,966	81,878

Source: Europa Yearbook

Roads dominate land transportation and the system moves about 70% of all internal cargo. This is a substantial increase from its 38% share in 1950 and this trend will increase.

The highway network comprises about 578,000 miles, of which 25,000 miles are national and 71,000 miles are state roads. The balance are mainly earth roads and tracks under the jurisdiction of municipalities. About 40% of the national roads and less than 20% of the state roads are paved.

The most important road development the past decade was the establishment of paved roads between major towns in the north-east and the linking of the region to the south. A highway has also been developed into the Amazon basin which has more than doubled the length of paved roads between 1963-1971. Over the next three years a large amount of money is to be invested in consolidating and extending the network.

Nearly all of Brazil's major cities suffer from serious traffic congestion.

In 1971, the number of passenger cars in use had increased to 2.2 million while the number of trucks and buses was 1.3 million.

Railways account for only 10% of Brazil's transport network compared with 50% in the U.S. and 80% in Russia. Eighty percent of the network was constructed before 1920.

In 1958, the federal railways administration R.F.F.S.A., was created which closed down the more unprofitable lines and opened new lines to Argentina, Uruguay, Paraguay and Bolivia. Nevertheless, the railways operate at a heavy loss, and investment is inadequate to complete modernization or expansion on a large scale. The 1971-1974 Development Plan allocates only 18% of all transport investment to railways compared to 70% for highways. Future railway expansion will probably be geared to specific mining developments.

Traffic on Brazilian railways 1965-1969 was as follows:-

**TRANSPORT
RAILWAYS**

YEAR	NUMBER OF PASSENGERS (^{'000})	ANIMALS (^{'000} tons)	BAGGAGE AND PARCELS (^{'000} metric tons)	FREIGHT (^{'000} metric tons)
1965 . .	405,736	1,421	436	52,747
1966 . .	352,177	1,216	350	53,818
1967 . .	345,309	917	218	54,301
1968 . .	367,376	992	176	59,471
1969 . .	355,780	783	149	65,253

Source: Europa Yearbook

As a result of vast distances and the difficulties of land transport, it is not surprising that air transport has progressed so strongly in Brazil. The commercial airlines in Brazil are privately owned and operated. Two major international Brazilian airlines are Cruzeiro do Sul and Varig.

The number of passengers freight and mail handled by Brazilian aviation 1968-1970 was as follows:

CIVIL AVIATION
(Embarked passengers, mail and cargo)

	1968	1969	1970
Number of passengers (^{'000}) . . .	3,046	3,066	3,234
Freight (metric tons) . .	32,878	39,742	49,346
Mail (metric tons) . .	3,283	3,340	3,626

Source: Europa Yearbook

Taking the country as a whole, transport and communications are very under-developed. Many natural factors have influenced this situation, such as steep escarpments which cut off the coast from the interior, the hilly character of much of the country, the heavy, torrential rains, and the thick, wide-spread forest. These natural disadvantages are aggravated by administrative, economic and technical difficulties.

To improve this situation the Brazilian Government inaugurated a 10-Year Plan for transportation 1967-1976, which forecasts public investment in transportation of about 12.1 billion cruzeiros.

c. Communications

There is a general shortage of telephones throughout the country, although interurban connections have improved in recent years. It is expected that a further 1 million telephones will be installed over the next four years. In 1971, there were 2 million telephones in use in Brazil, an increase of 51% since 1967.

10. Tourism

In 1970, 194,187 people visited Brazil. Rio de Janeiro is the centre of the tourist trade. Brazilians and foreign tourists flock to the coast to enjoy the famous beaches.

TOURISM
(Number of visitors)

1964	1965	1966	1967	1968	1969	1970
125,216	102,964	133,487	141,426	136,065	173,067	194,187

Source: Europa Yearbook

The Empresa Brasileira de Turismo (Embratur) is studying 115 tourist development projects of which 53 have already been given preliminary approval. Investments for the next ten years are forecast at 744 million new cruzeiros.

FOREIGN TRADE

1. Structure of Brazilian Foreign Trade

Foreign trade is of vital importance to Brazil. The aims of Brazil's foreign trade policy are based on those of the nation's economic objectives as a whole; that is the attainment of a higher level of production and self-sufficiency, increasing economic growth rate, reducing inflation and balancing the international balance of payments.

The role of foreign trade in Brazil is undergoing considerable change. In the past, foreign exchange receipts from exports of coffee and other primary commodities were used primarily to finance imports for the development of import-substitution industries, which were protected by high tariffs. Brazil's import policy underwent substantial liberalization from 1964-67, and remains relatively liberal at the present time.

Principal objectives of the Brazilian tariff policy include:

1. facilitation of imports of essential goods where local production is inadequate in quantity or quality.
2. the control of imports of foreign goods considered superfluous or luxurious.
3. to promote the expansion and competitiveness of import-substitute or export industries.
4. to protect economically strategic sectors of agriculture or manufacturing sectors.

Brazil's foreign trade 1967-1971 was as follows.

Brazil's Foreign Trade 1967 - 1971
US\$ Millions

	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1967	1,654	1,667	- 13
1968	1,881	2,132	-251
1969	2,311	2,265	+ 46
1970	2,739	2,849	-110
1971	2,904	3,699	-795

Source: Europa Year Book 1972.

Brazilian foreign trade has expanded greatly the past few years due to liberalized import policies, vigorous investment demand, more realistic exchange rate policies and export promotion efforts.

Recently, more emphasis has been placed on export expansion and diversification, with special attention being paid to manufactures, since receipts from the traditional commodity exports have generally been characterized by slow growth and excessive fluctuations, while on the other hand, world demand for manufactures has shown a more rapid rate of growth, with firmer prices. Aided by generous government incentives, Brazil's exports of manufactured goods have expanded significantly and now account for about 20% of total exports.

In December 1972, the Government outlined in general terms plans for the formation of trading companies. A decree law was issued on the fiscal incentives to be offered trading firms and how they must operate to obtain them.

Imports of manufactured goods account for about 60% of the total. The most significant import commodities groups embrace machines, vehicles and parts, chemicals as well as raw materials.

Agricultural products continue to make up approximately 60% of total exports. Coffee is the largest single commodity export. Brazil also supplies considerable quantities of iron ore and textile fibres to the world market.

Brazilian foreign trade by principal countries for the years 1968-1970 was as follows:-

PRINCIPAL COUNTRIES
(U.S. \$'000)

	IMPORTS			EXPORTS		
	1968	1969	1970	1968	1969	1970
Argentina	152,728	155,930	170,740	118,824	170,887	185,652
Belgium-Luxembourg	31,888	36,145	44,400	44,433	64,417	72,642
Canada	36,185	39,211	70,839	26,290	28,634	40,586
Chile	20,924	29,474	35,684	23,185	24,096	23,715
Denmark	17,846	46,977	23,658	35,023	41,121	53,557
Finland	14,766	11,820	14,179	14,304	23,964	20,028
France	71,807	67,148	88,569	67,827	99,048	110,048
German Federal Republic	235,910	286,133	359,461	147,716	220,055	235,506
Italy	73,006	76,073	87,825	116,923	164,404	198,271
Japan	73,113	105,660	177,804	58,617	105,287	144,940
Netherlands	33,801	38,100	49,797	102,620	135,080	154,003
Norway	20,557	23,263	22,327	20,884	27,707	33,385
Peru	6,721	8,364	10,158	6,654	4,874	7,664
Poland	14,358	10,870	11,099	14,946	18,213	23,841
Saudi Arabia	66,220	42,376	57,556	—	32	19
Spain	29,470	22,787	32,241	45,007	66,527	107,133
Sweden	52,001	65,575	53,281	50,823	59,706	69,202
Switzerland	39,174	54,992	59,039	7,965	12,462	17,412
United Kingdom	96,240	90,600	160,870	72,809	99,202	129,804
U.S.A.	684,504	681,971	918,108	626,996	609,757	676,058
U.S.S.R.	16,975	16,157	3,491	24,830	43,674	21,237
Venezuela	66,708	60,840	59,012	3,987	4,530	8,203
Other Countries	276,957	294,190	339,105	250,681	287,492	406,006
TOTAL	2,131,859	2,264,656	2,849,243	1,881,344	2,311,169	2,738,912

Brazil is a member of the Latin American Free Trade Association. Under the LAFTA Agreement, signed in 1961, internal tariffs and related restrictions were to be eliminated on "substantially" all products by 1973. However, this schedule has been considerably relaxed.

Brazil's major trading partner is the U.S. which in 1970 took 25% of exports and supplied 32% of imports. The E.C. countries accounted for 28.1% of exports and 22.1% of imports and the L.A.F.T.A. members accounted for 11% of imports and 11% of exports.

The U.S. share of both imports and exports has declined in recent years. In contrast, trade has grown with members of L.A.F.T.A., Argentina especially. L.A.F.T.A. is particularly important as a market for Brazil's manufactured goods, taking 60-70% of exports in this category in 1970.

Trade with the East European countries has also been rising and Brazil is the most important Latin American country in East-West trading after Cuba. The balance of trade is much in Brazil's favour. Barter transactions are legal in Brazil and Brazil has arranged deals with several socialist countries for the purchase of industrial equipment in exchange for Brazilian products.

Brazil is, however, reducing the number of its formal bilateral trade and payments. Eight are now in effect compared to 10 in 1969 and 14 in 1966.

2. Analysis of Brazilian Imports

Brazilian imports in general consist of commodities which are not produced within the country or are produced in quantity insufficient to supply the market. The import of consumer goods is restricted by tariff and exchange controls. Imports, aside from wheat and fuels are limited generally to capital equipment, industrial raw materials and highly specialized commodities. However, the Brazilian import policy has as one of its principal aims, the lowering of the cost of Brazilian products and increasing the productivity of domestic manufacturers.

The current pattern of Brazilian imports reflects an increased need for raw materials, fuels and intermediate products.

Brazilian imports of selected commodities, 1968-1970 was as follows:

PRINCIPAL COMMODITIES

IMPORTS	1968		1969		1970	
	Quantity ('000 tons)	Value (U.S. \$'000)	Quantity ('000 tons)	Value (U.S. \$'000)	Quantity ('000 tons)	Value (U.S. \$'000)
Live Animals	3	2,845	7	3,423	5	3,895
Raw and Processed Materials	16,985	419,969	17,182	381,415	20,978	488,272
Foodstuffs and Beverages	3,125	334,387	2,865	303,075	2,514	294,523
Chemicals and Pharmaceutical Products	2,032	329,894	2,853	339,079	2,944	445,997
Machinery, Vehicles, and Parts	195	659,413	211	774,872	275	1,002,067
Manufactured Goods, class by materials	1,293	299,024	1,487	365,988	1,339	461,460
Miscellaneous Manufactured Articles	12	84,968	11	88,055	15	132,676
Gold, Coins, Special Transactions	1	7,359	3	8,749	4	20,353
TOTAL	23,648	2,131,859	24,619	2,264,656	28,074	2,849,243

Source: Europa Yearbook

Other important Brazilian import items include fruit and vegetables, fish and preparations, crude fertilizers and minerals, coal, coke and briquettes, manufactured fertilizers, paper and paperboard, metal manufactures, and instruments, watches and clocks.

Imports have increased steadily the past five years reaching a high of US\$3,669 million in 1971, an increase of 122% over 1967. This increase can be explained in part by greater purchases of capital goods, whose share in total imports rose from 31.0% in 1967 to 38.5% in 1970. Intermediate products also increased their share of imports, from 33.9% to 37.4% during the same period. In contrast, the share of consumer and petroleum products fell by 2% to 10.6% and 8.9% respectively.

3. Analysis of Brazilian Exports

The Brazilian economy, similar to most Latin American countries is based upon the export of primary commodities. The share of coffee exports while declining is still of significant importance. In 1971, coffee accounted for 27% of total exports compared to 41% in 1968. Cotton accounted for 5% of 1971 exports and iron-ore 8%. This makes Brazil's economy very dependent upon the production situation at home and on prices in world markets.

The main Brazilian export products 1968-1970 were as follows:

EXPORTS	1968		1969		1970	
	Quantity (['] 000 tons)	Value (U.S. \$'000)	Quantity (['] 000 tons)	Value (U.S. \$'000)	Quantity (['] 000 tons)	Value (U.S. \$'000)
Live Animals	3	1,199	4	1,884	2	1,439
Raw and Processed Materials	18,061	525,894	24,862	740,947	32,975	814,639
Carnauba Wax	13	9,162	13	9,433	14	9,585
Castor Oil	116	36,373	184	45,153	153	38,232
Cotton (raw)	248	130,817	439	196,008	343	154,435
Haematite	15,019	104,450	21,478	147,391	27,943	208,602
Hides and Skins	22	10,264	69	22,869	44	17,054
Manganese Ore	1,124	24,125	861	17,077	1,588	30,592
Pine Wood	792	71,898	616	75,518	571	72,227
Sisal	135	16,048	132	15,655	134	15,428
Tobacco Leaf	39	18,869	48	26,492	54	31,195
Foodstuffs and Beverages	4,925	1,212,648	4,814	1,365,003	5,887	1,590,250
Bananas	160	5,615	163	9,769	204	10,722
Brazil Nuts	36	14,969	24	12,076	32	13,638
Cocoa Beans	76	46,098	120	105,490	120	77,679
Cocoa Butter	18	25,888	16	30,567	19	27,966
Coffee	1,107	774,474	1,121	812,955	963	939,266
Maté	25	4,890	28	4,910	26	4,784
Oranges	73	3,104	57	3,553	51	3,442
Rice	158	21,214	70	7,820	95	6,800
Sugar	1,026	101,576	1,099	115,045	1,125	126,512
Chemicals and Pharmaceutical Products	43	26,370	47	31,467	94	38,658
Ethyl Alcohol	14	1,447	6	451	5	504
Machinery, Vehicles and Parts	11	41,098	19	60,150	32	97,099
Manufactured Goods, class by materials	436	57,704	447	80,375	838	148,894
Miscellaneous Manufactured Articles	2	4,810	4	9,645	8	22,245
Gold, Coins, Special Transactions	6	11,611	8	21,696	133	25,698
TOTAL	23,487	1,881,344	30,205	2,311,169	39,970	2,738,922

Other significant export items include furs, oil seeds, kernels, fixed vegetable oils and fats, chemicals, textile yarn and fabric, iron and steel, and non-electric machinery.

Exports, like imports, have increased steadily since 1967 to US\$2,904 million in 1971, a rise of 76%. They have not, however, increased as much as imports which showed a growth of 122% during the same five years.

The substantial gains in exports in 1968-1970 were accounted for by coffee exports (US\$939 million) due to higher world prices, and to significantly higher sales of iron-ore (US\$ 208 million). Exports of other agricultural products, especially cotton and non-traditional commodities as corn and chilled beef also rose. Of significant importance was the increase in exports of manufactured goods. Manufactured goods presently account for approximately 20% of exports.

CANADIAN TRADE WITH BRAZIL

In 1971, Canadian imports from Brazil accounted for 0.3% of Canadian imports, while Canadian exports to Brazil were 0.5% of Canada's exports.

In 1971 Canadian exports to Brazil amounted to \$93.6 millions showing a slight increase of \$400,000 over the 1970 exports.

In 1971 Canadian imports from Brazil increased by 2.8% or \$1.4 million over the 1970 total of \$49.3 millions.

Canada's trade with Brazil has been increasing steadily the past four years, with imports growing by 31% and exports by 94% during that time. Canada has had a favourable balance of trade as can be seen from the following table for this period.

Canadian Trade with Brazil 1968-1971. - \$ millions -

<u>Year</u>	<u>Imports</u>	<u>Exports*</u>	<u>Balance</u>
1968	38.7	48.2	+9.5
1969	42.1	50.2	+8.1
1970	49.3	93.2	+43.9
1971	50.7	93.6	+42.9

Source: Statistics Canada.

The substantial increase in exports in 1970 of 93% was accounted for by new sales of wheat (\$18 million) and a significant increase in sales of newsprint (+\$6 million); aircraft (+\$9.5 million) and sheet and strip steel NES (+\$3.4 million). The higher sales of these items were sustained in 1971, with the exception of aircraft which fell by \$16 million; wheat sales increased by \$7.3 million.

Coffee is Canada's principal import from Brazil.

Canadian imports from Brazil for the period January to September 1972, amounted to \$42.9 million, while exports to Brazil amounted to \$58.4 million for the same period.

*Includes re-exports.

1. Canadian Exports to Brazil

Canada's exports to Brazil consist mainly of raw materials and producer goods.

The following table shows the principle Canadian exports to Brazil for the past three years.

Major Canadian Exports to Brazil \$'000

<u>Commodity</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Wheat except seed nes.	--	18,318.5	25,638.8
Newsprint Paper	4,220.4	10,265.7	11,014.2
Aluminum, pigs ingots			
shot slabs	9,451.1	3,802.1	6,991.4
Blooms, billets and			
slabs steel	---	---	4,299.5
Aircraft, complete			
with engines	10,401.9	19,977.9	4,029.1
Copper refinery shapes	2,903.1	5,343.9	3,429.9
Sheet and strip,			
steel nes.	817.8	4,224.1	3,109.5
Asbestos milled fibres			
group 4 and 5	3,291.4	3,138.4	2,701.7
Potassium Chloride,			
muriate	830.4	---	2,230.4
Zinc Blocks, pigs,			
slabs	2,236.7	1,235.8	1,917.0

Source: Statistics Canada.

2. Ontario Exports to Brazil*

Ontario exports to Brazil in 1971 were \$20.5 million, a decrease of \$19.4 million or 48.6% from the 1970 total of \$39.9 million.

Ontario Exports to Brazil 1968-1971 \$ Millions

1968	23.7
1969	22.6
1970	39.9
1971	20.5

Ontario exports accounted for 21.9% of Canadian exports to Brazil in 1971. The most significant decrease was in aircraft sales which fell \$15.7 million from \$20.5 million in 1970 to \$4.8 million in 1971.

*Includes re-exports.

Major Ontario Exports to Brazil
\$'000

	<u>1970</u>	<u>1971</u>
Plate, sheet and strip steel	3,302	2,115
Copper and alloys	181	2,102
Nickel and alloys	1,491	1,517
Aircraft	20,484	4,777
Office machine and equipment	1,289	1,046

Source: Ontario Exports by Countries.

Ontario's exports by stage of fabrication in 1970 was as follows: crude materials \$.3 million (.8%); fabricated materials \$6.8 million (17%); and end products \$27.3 million (68%).

3. Canadian Imports from Brazil

The most significant product that Canada imports from Brazil is coffee amounting to \$24.7 million in 1971, or 49% of total imports. Other significant imports are listed in the following table:

Major Canadian Imports from Brazil
\$ million

<u>Commodity</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Coffee, green	43.7	23.3	24.7
Orange Juice concentrates frozen	3.3	1.5	4.1
Manganese in ores and concentrates	2.9	1.9	2.5
Corned beef, canned	-	1.6	2.2
Footwear nes.	-	0.6	1.3

4. Opportunities for Canadian and Ontario Exports

There is no simple key to success in exporting to Brazil. It is a complex, and highly competitive market which, as most other foreign markets today, should be tackled with persistence, efficiency and realism.

There are, in general, exports possibilities for mining and construction machinery, equipment and materials, aircraft and parts, metalworking machinery, electric power machinery, switchgear and parts, textile machinery, chemical and petrochemical equipment, scientific, medical, optical-measuring and controlling instruments and apparatus, as well as for sophisticated electronic equipment. These possibilities are for the most part, relative to the execution of Brazilian long-term investment programs and offer some opportunities for our exporters; machinery and equipment are needed for a range of new industries.

All types of steel making equipment is required for the expansion of the countries' three main steel mills, and good opportunities also exist for sales of bulk grain loading-unloading equipment, roll-on, roll-off equipment, subway cars, communications control equipment, suburban trains and air traffic control for Brazil's planned transportation expansion. Commuter aircraft, fishing and off-shore oil rigs are also in demand.

The Government's emphasis on increasing agricultural production and agricultural development in the north and northeast presents export opportunities for fertilizers, refrigeration and storage equipment and food processing equipment. A potential exists also for certain forest equipment.

Other export opportunities exist for machine tools in connection with large investments by the automobile manufacturers. In addition, road building equipment and pre-fabricated structures are required in the Amazon areas.

There also appears to be a growing demand for specialty foods.

Brazil represents an enormous and rapidly expanding market. There is a fund of goodwill towards Canada. Brazil is not an easy market. The attractiveness of Brazil's growing market and improved financial position is generating increasingly competitive trade offers from other countries.

Brazil cannot be treated as a single market and firms wishing to cover the whole of Brazil should consider the appointment of Brazilian commercial representation separately in the following areas: Rio de Janeiro, Sao Paulo, North and North East (Belem-Recife-Salvador) and South (Porto Alegre).

ECONOMIC AND TRADE POLICY

1. Planning

The first major economic plan in Brazil was the Three Year Plan 1963-1966. This plan was abandoned almost as soon as it started. The Program of Economic Action 1964-1966 achieved its goals, as did the Plan 1968-1970.

The most recent planning document, the First National Development Plan covers the years 1972-1974. It aims at a 8-10% annual growth rate, composed of 7-8% for agriculture and 10-12% in industry. Emphasis is to be place on raising the efficiency of public and private enterprises; to incorporating the human and material resources of the Northeast and Amazon into the money economy; and to expanding foreign trade, particularly exports of manufactured and mineral products.

Investment plans include as priority sectors, education (US\$5.2 billion), agriculture (US\$2.6 billion), housing (US\$2.9 billion) and health-sanitation (US\$2.5 billion). Projected investment in infrastructure include US\$4.1 billion for energy, US\$3.4 billion for transportation (over one-half for highways) and US\$500 million for communications. Public and private expenditures for industrial development are expected to reach US\$5.1 billion, including US\$1.3 billion in mechanical and electrical industries, US\$1.2 billion for steel and US\$900 million for chemicals and petrochemicals.

2. Foreign Trade Regulations, Tariffs and Taxes

In March 1971, the Brazilian Merchandise Nomenclature based on the Brussels Tariff Nomenclature was established and adapted all other Brazilian custom classifications to the B.T.N. systems. Duties are levied on the c.i.f. value of the import and range from 0% to 250% with the majority of goods bearing a duty of from 15% to 55%.

In December 1971, the 100% increase in import duties on 571 items listed as "superfluous" imports imposed in 1968, was cancelled or reduced to 50%. On January 1, 1974, tariff duties on luxury goods will return to levels prevailing prior to December 1968.

Imported goods which are considered to be available from Brazilian national production in satisfactory quality, quantity and cost, are subject to higher import duties (usually 30% higher) and are not eligible for duty exemptions. Imports of "similars" by agencies of the Brazilian Government are generally prohibited and when imported by non-governmental bodies "similars" are not eligible for Brazilian Government financing or foreign financing that is handled by governmental agencies.

The main criteria used to determine whether a foreign commodity has a "national similar" are that the price of the domestic product must not exceed the price of the import, including import duties, and that the delivery time and quality of the domestic product must be satisfactory to meet local demand.

At any time a Brazilian manufacturer may process a request with the Customs Policy Council for declaring their product a "similar".

Incentives granted by the Industrial Development Council (CDI) include exemption from import duties and taxes on imported machinery and equipment without national similars. Additional incentives are granted for export-oriented industries whereby whole factories maybe imported without payment of import duties if production is destined primarily for export.

Brazil extends preferential import duties rates and other advantages on a wide range of imports from other member countries of the Latin American Free Trade Association (LAFTA).* Brazil is a member of GATT.

Tariff protection is granted to industries capable of adequately servicing the local market. The Conselho de Politica Aduaneira (CPA) may raise tariffs, taxes and duties to assist manufacturers and to prevent dumping. The CPA may also lower or cancel import duties on raw materials and essential goods when they are in short supply, and may set artificial values (aforos) on certain goods in order to increase the effective burden of import duties. On the other hand, the CPA may grant duty reductions or exemptions on imports of capital goods for approved investments in certain industries. It also grants exemptions on equipment to be used in public works projects.

Persuing its export promotion policy, the Brazilian Government has established fiscal and credit incentives to exporting industries.

3. Marketing

Brazil is a free-enterprise nation: the number of government controlled enterprises is limited. Rio de Janeiro and Sao Paulo dominate Brazil's marketing. The large concentration of inhabitants together with the difficulties in communications and transportation make these two cities the

*Note: Members of LAFTA: Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay.

principal markets in Brazil. However, various other large cities serve as centres for redistribution of merchandise, such as Belem, which is an important distributing centre for the whole Amazon River Valley; Salvador, which is a distributing centre for Bahia and neighbouring states, as well as Recife and Porto Alegre, in the Northeast and the South, respectively.

In the large cities supermarkets and department stores are very popular. Consumer cooperatives, as well as producer cooperatives, are very active in Brazil.

Brazil is a very competitive market. Credit and finance are vitally important to a successful contract and rank equally with technical performance of the equipment or quality of goods.

4. Promoting the Products - Agency Agreements

The selection and appointment of agents or distributors in Brazil is a matter of great importance. The basic regulations defining the responsibilities of agents and their principals are laid down partly in the civil code and partly in the commercial code.

An individual agent for commission or salary may be entitled to the benefits of the law of May 1, 1943, as amended. An agent may be considered as an independent worker under that law. The parties may freely stipulate the terms and conditions of their agreements. However, waiver of rights acquired under the law is not recognized.

Under the Code a definite or an indefinite term agency may be terminated at any time. The agent is to be compensated for services rendered in case of premature termination of a definite term contract, or undue termination of an indefinite term agreement. Under the 1943 law definite term agreements terminate on the expiration of the agreement. If extended, or if the parties continue to operate under it, the agreement becomes an indefinite term agreement and may only be terminated for just cause.

Unjust termination of an agreement makes the principal liable for compensation. Compensation may include severance pay or earnings, in proportion to the duration of the relationship, and the amount resulting from computing two month's salary for each year of employment.

5. Licensing, Joint Ventures, Patents and Trade Marks

Direct exports to Brazil can be successfully supplemented by joint ventures. The trend to decrease direct imports in relation to the development of Brazilian industry, will increase. Brazil is now capable of producing the greater part of consumer goods needed in its domestic market. Through joint ventures, the domestic market can be shared when direct import is difficult or economically unsound. Licensing provides a foothold in the Brazilian market without large capital outlays. Industries which are not able to enter into joint ventures, can successfully sell licenses and patents on profitable terms.

The life of the patent of an invention is 15 years after which it becomes public property. This period may be extended for a maximum of five years if found to be justified in the national interests. Patents for inventions, design and models, expire if not exploited within three years of registration.

Legal and administrative limitations on licensing are a serious problem in Brazil. Patent and trademark licenses must be registered with the National Department of Industrial Property (DNPI). To establish remittance rights for patents and trademarks royalties as well as technical assistance fees, the licensing agreement must be registered with the Central Bank.

Industrial models or designs may be protected for three year periods, renewable up to a limit of 15 years.

Trademarks registered must not include words of a foreign language unless these are generally used in Brazil, and they must always carry the words "industria basileira" clearly indicated.

Table I
CANADIAN DOMESTIC EXPORTS TO BRAZIL
BY COMMODITIES, 1970-1971

CLASS	COUNTRY AND COMMODITY	JANUARY TO DECEMBER 1970			JANUARY TO DECEMBER 1971			CLASS
		QUANTITY	VALUE IN DOLLARS		QUANTITY	VALUE IN DOLLARS		
BRAZIL								
110	CATTLE, DAIRY, PUREBRED	NO	93	151,300	194	426,585	110	
630	BABY CHICKS	NO	19,180	40,158	19,530	80,457	630	
699	LIVE POULTRY N E S	NO			2,800	3,955	699	
4209	COD, LIGHT SALT, 43PC OR LESS MOIST	CWT	64	1,756			4209	
4212	COD, HEAVY SALT, 43PC OR LESS MOIST	CWT	3,778	118,129			4212	
5149	CHEESE N E S	CWT	2,513	129,117	37	1,449	5149	
6169	WHEAT, EXCEPT SEED N E S	CWT	6,659,077	18,318,493	8,830,877	25,638,763	6169	
6230	MALT	CWT	103,400	499,151	136,400	656,920	6230	
7145	PEARS, FRESH	LB	73,800	7,988			7145	
9373	PEAS, SEED	LB			110,000	15,390	9373	
9376	PEAS, SPLIT, DRIED	LB	50,375	3,500			9376	
9776	PEAS, WHOLE, DRIED	LB	55,125	7,108			9776	
10109	MAPLE SYRUP	CWT N	3	136			10109	
14410	GELATIN, ECIRLE	LB	425	3,502			14410	
14449	SAUSAGE AND SIMILAR MEAT CASINGS	LB	139,553	104,107	89,760	57,859	14449	
14605	NUTS, EXCEPT OIL NUTS	LB	110,149	13,750			14605	
17340	WHISKY	P GAL	912	9,914	423	4,128	17340	
20981	ANIMAL SEMEN					11,242	20981	
20999	CRUDE ANIMAL AND FISH PROD INED NES			60,491			20999	
24689	MAN-MADE FIBRES N E S	LB	91,734	23,559			24689	
25439	LEAD & LEAD ALLOY SCRAP, DROSS ETC.	CWT			8,142	56,062	25439	
25530	NICKEL IN OXIDE	CWT	236	33,264	1,769	187,090	25530	
25540	NICKEL AND NICKEL ALLOY SCRAP	CWT	71	25,112			25540	
25950	MOLYBDENUM IN OPES, CONC. & SCRAP	CWT	2,997	616,005	2,215	451,189	25950	
25998	METAL BEARING CRES AND CONC. N E S	CWT	34	12,888			25998	
27120	ASBESTOS MILLED FIBRES, GROUP 3 GR.	TON	178	58,780	153	73,191	27120	
27130	ASBESTOS MILLED FIBRES, GROUP 4 & 5	TON	14,448	3,138,358	12,180	2,701,677	27130	
27140	ASBESTOS SHORTS, GROUP 6-9 GRADES	TON	2,934	200,834	3,875	306,483	27140	
27977	SULPHUR, CRUDE OR REFINED N E S	TON			47,479	514,342	27977	
29119	TEXTILE RAGS N E S	CWT	1,432	28,946	949	17,171	29119	
31039	FURS, DRESSED, MINK					100	31039	
32049	TIRE AND TUBE REPAIR MATERIALS	LB			18,921	26,710	32049	
34019	WOOD PULP DISSOLVNG & SPECIAL ALPHA	CWT			33,506	279,660	34019	
34021	WOOD PULP BL. KRAFT PAPER GR. SOFT.	CWT	69,223	454,444	80,498	485,571	34021	
34022	WOOD PULP BL. KRAFT PAPER GR. HARD.	CWT	7,980	46,466	198,244	1,485,659	34022	
35109	NEWSPRINT PAPER	CWT	1,647,268	10,265,702	1,701,799	11,014,151	35109	
35199	PAPER FOR PRINTING N E S	CWT	8,445	62,201	29,225	204,529	35199	
35249	WRITING AND REPRODUCTION PAPER	CWT			12	188	35249	
35599	COATED PAPER, BOARD EXC MACH COATED	CWT	408	9,951			35599	
35970	WALLPAPER, PRINTED	CWT	18	880			35970	
36162	RAYON YARN, VISCOSE OR ACETATE	LB	49,078	32,317	39,670	21,382	36162	
36169	MAN-MADE FIBRE YARN N E S	LB	10,575	12,577			36169	
37399	BROAD WOVEN FABRICS, COTTON N E S	LB	9,902	7,416			37399	
38176	PAPERMAKERS FELTS, TEXTILE	LB	49,098	279,277	57,790	347,612	38176	
38199	SPECIAL CONSTRUCTION FABRICS N E S	LB	8,300	82,880	7,266	67,838	38199	
39879	ESSENTIAL OILS, NATURAL, SYNTHETIC	LB	1,600	8,960	400	2,520	39879	
39899	GUM, WOOD & VEGETABLE EXTRACTS NES	LB			37,000	2,142	39899	
40037	SELENIUM	CWT	69	64,698			40037	
40061	CALCIUM METAL	CWT	3	255			40061	
40099	CHEMICAL ELEMENTS N E S	CWT	9,340	181,547	6,435	133,756	40099	
40199	INORGANIC ACIDS & OXYGEN COMPS NES	CWT	21,293	250,017	2,666	25,750	40199	
40299	INORG. BASES & METALLIC OXIDES NES	CWT	11,774	253,613	11,302	226,687	40299	
40499	METALLIC SALTS OF INORG. ACIDS NES	CWT	35,915	359,690	65,831	831,449	40499	
40535	RADIOACTIVE ELEMENTS AND ISOTOPES			98,943		35,187	40535	
40819	PHENOLS, PHENOL-ALCOHOLS AND DERIV.	CWT	20,431	310,957	5,394	66,037	40819	
40839	ETHERS, ALCOHOL PEROXIDES & DERIV.	CWT			77	3,924	40839	
40859	ALDEHYDE-FUNCTION COMPOUNDS	CWT	264	43,082	447	97,288	40859	
41429	ALCOHOLS AND THEIR DERIVATIVES	CWT	13,116	262,084	15,985	333,676	41429	
41449	ORGANIC ACIDS, ANHYDRIDES AND DERIV	CWT	4,261	39,412	7,786	105,474	41449	
41459	NITROGEN-FUNCTION COMPOUNDS N E S	CWT	1,103	79,446	1,927	56,126	41459	
41479	ORGANO-INORGANIC COMPOUNDS	CWT	3,926	77,686	2,263	43,402	41479	
41631	UREA	CWT			55,114	139,561	41631	
41645	NITROGEN SOLUTIONS	CWT			315	4,893	41645	

CLASS	COUNTRY AND COMMODITY	JANUARY TO DECEMBER 1970		JANUARY TO DECEMBER 1971		CLASS
		QUANTITY	VALUE IN DOLLARS	QUANTITY	VALUE IN DOLLARS	
BRAZIL-CON						
41652	POTASSIUM CHLORIDE, MURIATE	CWT		1,446,526	2,230,383	41652
41689	PREPARED FERTILIZER MIXTURES	CWT	300	4,563	23,609	41689
41699	FERTILIZERS AND FERTILIZER MAT. NES	CWT		440	7,084	41699
42316	POLYETHYLENE RESINS, NOT SHAPED	CWT		2,647	27,244	42316
42318	POLYSTYRENE RESINS, NOT SHAPED	CWT	1,824	34,021	15,634	42318
42399	PLASTIC & SYN RUBBER NOT SHAPED NES	CWT	26,611	411,509	1,153,017	42399
42549	LAMINATED PLASTICS MATERIALS	CWT	7	799		42549
42599	PLASTICS FABRICATED MATERIALS N E S	CWT			22	42599
42899	STAINS, LACQUERS & RELATED PROD NES				3,574	42899
42909	INSECTICIDES AND RODENTICIDES	CWT	52	13,425	400	42909
42929	DYESTUFFS, PIGMENTS, LAKES & TONERS	CWT	1,191	31,340	363	42929
42999	INDUS. CHEM SPECIALTIES & EXPLOSIVE	CWT	288	25,161	53,926	42999
44139	FERROSILICON	TON			4,607	44139
44199	FERRO-ALLOYS N E S	TON	132	8,038		44199
44299	BLOOMS, BILLETS AND SLABS, STEEL	TON			55,916	44299
44354	STEEL CASTINGS N E S	CWT	266	21,298		44354
44399	STEEL FORGINGS N E S	CWT	12	1,348	28	44399
44430	BAR, STEEL, HOT ROLLED	CWT	11,567	273,162	23,590	44430
44499	BAR AND RODS, STEEL, FABRICATED	CWT			726	44499
44520	PLATE, STEEL	CWT	5,263	294,349	1,705	44520
44530	SHEET & STRIP CARB STEEL HOT ROLLED	CWT	81	3,962		44530
44599	SHEET AND STRIP, STEEL N E S	CWT	292,694	4,224,099	200,783	44599
44899	PIPES AND TUBES, IRON AND STEEL NES	CWT	5,854	505,762	865	44899
45109	ALUMINUM PIGS INGOTS SHOT SLABS ETC	CWT	144,432	3,802,092	296,198	45109
45129	ALUMINUM BAR ROD PLATE SHEET CIRCLE	CWT	601	34,749	1,196	45129
45149	ALUMINUM & ALLOY FABRICATED MAT. NES	CWT	4,403	178,036	35	45149
45204	COPPER, REFINERY SHAPES	CWT	75,530	5,343,969	70,315	45204
45279	COPPER ALLOY SHAPES AND SECTIONS	CWT	8	1,600	9,109	45279
45299	COPPER & ALLOY FABRICATED MAT. NES	CWT	7,672	1,100,000	14,583	45299
45309	LEAD PIGS, BLOCKS AND SHOT	CWT			1,753	45309
45415	NICKEL ANODES CATHODES INGOTS RODS	CWT	10,716	1,856,569	11,494	45415
45499	NICKEL & ALLOY FABRICATED MAT. NES	CWT	9,021	1,764,385	6,197	45499
45708	ZINC BLOCKS, PIGS AND SLABS	CWT	113,797	1,235,794	185,335	45708
45945	MAGNESIUM	LB	44,110	15,471	99,518	45945
45979	NON-FERROUS METALS N E S	LB	11	518		45979
45999	NON-FERROUS METAL ALLOYS N E S	LB			82,155	45999
46352	WIRE CLOTH & MOV WIRE SCREENING NES	CWT	5	650	5	46352
46529	NUTS, BOLTS, SCREWS AND WASHERS	CWT	6	1,845		46529
46599	BASIC HARDWARE N E S					46599
46819	VALVES, IRON OR STEEL					46819
46975	INSULATED WIRE AND CABLE	CWT			8	46975
46980	WELDING WIRE RODS ELECTRODES SOLDER	CWT	2	953	2	46980
46999	METAL FABRICATED BASIC PRODUCTS NES			1,390		46999
47262	FIRE BRICK AND SIMILAR SHAPES	TON		33,499		47262
47399	GLASS BASIC PRODUCTS N E S			8,818		47399
47499	ASBESTOS BASIC PRODUCTS N E S			26,518		47499
47629	SILICON CARBIDE, CRUDE AND GRAINS	CWT			22,050	47629
47659	ABRASIVE WHEELS AND STONES					47659
47699	ABRASIVE BASIC PRODUCTS N E S			31,456		47699
49489	FLOORING AND WALL COVERING N E S			2,314		49489
49510	HIGH TENSION INSULATORS & FITTINGS			367		49510
49660	HOSE AND HOSE COUPLINGS					49660
50239	HYDRAULIC TURBINES AND PARTS			520		50239
50299	ENGINES, TURBINES AND PARTS N E S			23,018		50299
50319	GENERATOR PARTS & ACCESSORIES N E S			18,025		50319
50379	PARTS & ACCESS. FOR ELEC MOTORS NES			598		50379
50439	BEARINGS AND PARTS N E S			128,292		50439
50444	GEARS, POWER TRANSMISSION					50444
50499	POWER TRANSMISSION EQUIP & PTS N E S			62,950		50499
50739	AIR AND GAS COMPRESSORS AND PARTS					50739
50799	VACUUM PUMPS, FANS, BLOWERS & PARTS					50799
50959	INDUS. FURNACES, KILNS, OVENS & PTS			4,023		50959
50969	FOUNDRY EQUIPMENT AND PARTS N E S			41,336		50969
50980	PUMPS, PUMPING SYSTEMS AND PARTS			1,189		50980
50999	GEN. PURPOSE INDUS. MACHY & PTS NES			62,176		50999
51199	CONVEYORS CONVEYING SYSTEMS & PARTS			344,123		51199
51327	INDUSTRIAL HOISTS AND LIFTS	NO	1	24,509	1	51327
51399	HOISTING MACHINERY AND PARTS N E S					51399
51439	INDUSTRIAL TRUCKS, TRACTORS & PARTS	NO			5	51439
51931	WOODLAND LOG HANDLING EQUIPMENT	NO	2	32,028	2	51931
51939	PARTS WOODLAND LOG HANDLING EQUIP.					51939
51999	MATERIALS HANDLING EQUIP. & PTS NES			224,640		51999
52101	CORE DRILLS & CORE DRILL BITS & PTS					52101
52104	ROCK DRILLS AND PARTS N E S					52104
52112	ROCK DRILL BITS N E S					52112
52119	EARTH DRILLING & REL MACH & PTS NES			125,028		52119
52139	EXCAVATING DREDGING MACHY & PTS NES			40,685		52139
52199	MINING-QUARRYING MACHY & PARTS NES			645,799		52199
52329	MACHINE TOOLS METALWORK. & PTS NES			138,631		52329
52349	WELDING APPARATUS, EQUIPMENT & PTS			9,336		52349
52369	METALWORKING MACHINERY & PARTS NES					52369
52387	DIES FOR METALWORKING MACHINERY NES					52387
52396	CUTTING TOOLS FOR METALWRK MACH NES			3,283		52396
52399	METALWORKING MACHY, EQUIP & PTS NES			74,943		52399
52414	CHAIN SAWS	NO	341	50,142	264	52414

CLASS	COUNTRY AND COMMODITY	JANUARY TO DECEMBER 1970		JANUARY TO DECEMBER 1971		CLASS
		QUANTITY	VALUE IN DOLLARS	QUANTITY	VALUE IN DOLLARS	
BRAZIL-CON						
52415	PARTS & ACCESSORIES FOR CHAIN SAWS		17,399		47,928	52415
52425	SAWS, SAWMILL MACHY EQUIP & PTS NES				4,078	52425
52590	PULP & PAPER INDUS. MACHY AND PARTS		73,528		3,604	52590
52679	PRINTNG & BOOKBINONG MACH & PTS NES		9,843		17,425	52679
52799	TEXTILE INDUSTRIES MACHY & PTS NES		119,683		174,252	52799
52869	FOOD & BEVERAGE MACHINERY & PTS NES		9,398			52869
52904	RUBBER TIRE BUILDING MACHY & PARTS				13,648	52904
52909	RUBBER WORKING MACHY AND PARTS NES		5,266		3,683	52909
52924	SHOE-MAKING INDUSTRY MACHY & PARTS		64,032		3,083	52924
52929	CONSTRUCTION MAINTENANCE MACHY & PT		75,095		221,130	52929
52947	DIES AND MOULDS FOR PLASTICS MACHY		100		1,801	52947
52999	SPECIAL INDUSTRY MACHY & PARTS NES		3,048		9,587	52999
54116	PLOWS AND PARTS N E S	NO	3,894			54116
54151	GRAIN DRILLS AND COMBINATION DRILLS	NO	1	10	10,909	54151
54309	MOWERS	NO	1			54309
54329	HAYING MACHINERY AND PARTS N E S	NO		12	17,673	54329
54372	COMBINE REAPER-THRESHERS	NO	5	6	40,668	54372
54399	HARVESTING & RELATED MACHY & PT NES	NO	2	2	2,896	54399
54559	FARM DAIRY MACHINERY AND PARTS NES		131			54559
54599	POULTRY FARM APIARY EQUIP & PTS NES		3,305			54599
54699	AGRICULTURAL MACHY AND PARTS N E S				11,356	54699
55121	PARTS OF WHEEL TRACTORS		265		1,565	55121
57099	RAILWAY, STREET ROLL STOCK & PT NES	NO			17,995	57099
58110	HARDTOP SEDANS, NEW	NO	6	2	6,057	58110
58126	SEDANS, NEW N E S	NO	3	1	2,404	58126
58133	STATION WAGONS, NEW	NO	2			58133
58339	TRUCKS AND CHASSIS, COMMERCIAL NES	NO	21			58339
58499	TRAILERS & COMMERCIAL SEMI-TRAILERS	NO		1	995	58499
58799	MOTOR VEHICLES N E S	NO	5	3	10,463	58799
58885	MOTOR VEHICLE ENGINES AND PARTS	NO			2,638	58885
58999	PARTS & ACCESS. FOR MOTOR VEH. NES		447,422		813,519	58999
59285	MARINE ENGINES AND PARTS	NO	57	1	1,287	59285
59339	PTS & ACCESS. FOR SHIPS & BOATS NES		17,687		325	59339
60019	AIRCRAFT, COMPLETE WITH ENGINES	NO	10	3	4,029,139	60019
60039	AIRCRAFT ENGINES AND PARTS	NO	3	3	232,824	60039
60099	AIRCRAFT ASSEMBLIES EQUIP & PTS NES		521,235		751,275	60099
62149	PNEUMATIC TIRES, NEW N E S	NO	100	174	4,874	62149
63419	TELEPHONE APPARATUS EQUIP AND PARTS		233,411		216,118	63419
63429	TELEGRAPH APPARATUS EQUIP AND PARTS		1,421			63429
63439	RADAR EQUIP & RELATED DEVICES & PTS		7,950		7,863	63439
63445	SOUND AMPLIFIERS, EXCLUDING PARTS		1,942			63445
63490	RADIO TRANSMITTING-RECEIVING UNITS		74,381		119,644	63490
63495	RADIO TV BROADCAST TRANSM EQUIP NES		48,182		98,604	63495
63499	COMMERCIAL TELECOMMU. EQUIPMENT NES		48,854		131,379	63499
63790	PHONOGRAPH RECORDS AND BLANKS	NO		111	111	63790
63799	PHONOGRAPHS AND RECEIVING ANTENNAE				178	63799
63821	ELECTRONIC TUBES AND PARTS		8,582			63821
63841	SEMI-CONDUCTORS AND PARTS		194			63841
63915	RESISTORS, ELECTRONIC, AND PARTS		364			63915
63923	TRANSFORMERS, ELECTRONIC TYPE & PTS		1,515			63923
63999	ELECTRONIC EQUIPMENT COMPONENTS NES		101,748		53,089	63999
65599	AIR CONDITN & REFRIG EQUIP & PT NES			8	18,063	65599
66099	NON-ELECTRIC EQUIP FOR COOKING & PT				66	66099
68199	ELECTRIC LIGHTING FIXTURES & PARTS		7,176		3,684	68199
68299	ELECTRIC LAMPS, BULBS & TUBES & PTS		17,211			68299
68399	TRANSFORMERS AND PARTS		26,693		3,380	68399
68426	CIRCUIT BREAKERS AND PARTS		15,475		19,082	68426
68499	SWITCHGEAR & PROTECT EQUIP & PT NES		610,981		618,281	68499
68859	INDUSTRIAL CONTROL EQUIPMENT & PTS		49,259		9,821	68859
68869	WIRING DEVICES AND PARTS		2,343			68869
68879	CONVERTER EQUIPMENT AND PARTS		488		19,700	68879
68999	ELEC EQUIP FOR INT COMBUST ENG & PT		7,579		1,876	68999
69793	BATTERIES, WET CELL AND DRY CELL	NO		3	732	69793
69799	ELECTRICAL EQUIP APPL AND PARTS NES		408			69799
69899	LAUNDRY EQUIPMENT DOMESTIC & PT NES		66			69899
70290	ELECTRICITY-MEASURING INSTR & PARTS		735,392		718,126	70290
70399	MEASURING & TESTING EQUIP & PTS NES		197,447		404,349	70399
70699	MEDICAL & REL. INSTR EQUIP & PT NES		50,129		2,877	70699
70909	X-RAY AND RELATED EQUIPMENT & PARTS		77,897			70909
70919	NAVIGATION INSTRUMENTS APPAR. & PTS		10,010		3,860	70919
70994	GEOPHYSICAL MINERL PROSP EQUIP & PT				8,991	70994
70997	MODELS FOR DEMONSTRATION ETC. & PTS				411	70997
70999	LAB. OPTICAL INSTR. EQUIP & PTS NES		34,507		36,549	70999
74012	FURNITURE, WOODEN, HHOLD, NOT UPHOL		234			74012
74014	FURNITURE, METAL, HHOLD, NOT UPHOL		235			74014
74099	FURNITURE AND FIXTURES N E S				3,273	74099
75019	POWER DRIVEN HAND TOOLS AND PARTS				123	75019
75059	HAND TOOLS N E S, INCLUDING SETS		41,288		45,370	75059
75081	SAFETY RAZOR BLADES	GROSS		1,073	16,910	75081
75085	RAZORS AND RAZOR BLADES		5,079			75085
75099	SCISSORS, SHEARS & MISC CUTLERY NES				113,077	75099
77108	ADDING MACHINES AND PARTS	NO			7,073	77108
77121	CARD PUNCH SORT TAB COMPUTERS & PTS		1,258,710		1,021,812	77121
77148	TYPEWRITERS, ELECTRIC	NO	22			77148
77152	TYPEWRITERS, PORTABLE N E S	NO	20			77152

		JANUARY TO DECEMBER 1970		JANUARY TO DECEMBER 1971		
CLASS	COUNTRY AND COMMODITY	QUANTITY	VALUE IN DOLLARS	QUANTITY	VALUE IN DOLLARS	CLASS
BRAZIL-CON						
77199	OFFICE MACHINES EQUIPMENT & PTS NES		59,956		17,586	77199
77919	SAFETY & SANITATION EQUIPMENT & PTS				130	77919
77929	SERVICE INDUSTRY EQUIP & PARTS NES		3,682		203	77929
78399	OUTERWEAR, EXCEPT KNITTED N E S	NO	600			78399
78479	SWEATERS AND CARDIGANS, KNITTED	NO	2,832			78479
78499	OUTERWEAR, KNITTED N E S	NO	4,716			78499
78809	FUR GOODS, APPAREL		13,371		10,705	78809
79099	SPEC PURPOSE FOOTWEAR, FOOTWEAR NES	PAIR	29			79099
80059	PERFUMES, TOILET PREP AND COSMETICS		300			80059
80069	SOAP AND DETERGENTS		217			80069
83099	SPORTING RECREATION EQUIP & PTS NES		19,913			83099
86099	HOUSEHOLD & PERSONAL EQUIP & PT NES		115		6,787	86099
87019	BIOLOGICAL PRODUCTS FOR HUMANS				400	87019
87089	VETERINARY MEDICINE FEED SUPPLEMENT		29,275		143,929	87089
87099	MEDICINAL & PHARMACEUTICAL PROD NES		13,049		84,613	87099
88029	SURGICAL MEDICAL & DENTAL SUPPL NES		28,881		41,087	88029
88035	OPHTHALMIC LENSES	NO	15,601		17,501	88035
89029	NEWSPAPERS, MAGAZINES & PERIODICALS		12,704	16,810	7,216	89029
89039	BOOKS AND PAMPHLETS		253			89039
89049	MAPS PICTURES GREETING CARDS MUSIC		1,475		2,259	89049
89090	ADVERTISING MATTER PRINTED N E S		1,600			89090
89099	PRINTED MATTER N E S				1,765	89099
90019	STATIONERY & PAPER OFFICE SUPPL NES		3,352		13,175	90019
90099	STATIONERS AND OFFICE SUPPLIES NES		26,725		30,989	90099
91089	PHOTO FILM & PLATES SOLD EXPOS NES		20,303		1,660	91089
91099	PHOTOGRAPHIC EQUIP. & SUPPLIES NES		100			91099
94149	PREFAB. BLCG., STRUCTURES & PTS NES		1,019		101	94149
94649	ANTIQUES AND COLLECTORS ITEMS N E S		310		2,240	94649
94929	SIGNS AND ADVERTISING DISPLAYS NES				604	94929
94966	NON-ELEC. LIGHTING FIXTURES & PARTS				189	94966
94999	MISCELLANEOUS END PRODUCTS N E S		103		115	94999
95079	SHIPPING CONTAINERS, PLASTIC & PTS				2,684	95079
96086	PAPER END PRODUCTS N E S				19,736	96086
96096	PLASTIC END PRODUCTS N E S		61			96096
97020	CONTRACTORS EQUIPMENT AND TOOLS				107	97020
97075	SHIPMENTS OF LESS THAN \$100.00 EACH		6,356		123,658	97075
COUNTRY TOTAL			87,386,862	92,515,727		

Source: Statistics Canada.

ONTARIO DOMESTIC EXPORTS TO BRAZIL BY COMMODITY1970 - 1971

COMMODITY	VALUE \$'000	
	1970	1971
Cattle	151.3	426.6
Poultry	40.2	84.4
Dairy Produce	.-	1.4
Cereals, Milled	214.5	656.9
Materials for Food Preparations	3.5	5.0
Distilled Alcoholic Beverages	4.3	3.1
Other Crude Animal Products	60.5	11.2
Nickel in Ores Concentrates Scrap	33.3	187.1
Asbestos, Unmanufactured	.-	31.8
Other Waste and Scrap Material	7.1	.-
Furs, Dressed and Fur Fabricated Mat.	.-	.1
Rubber Fabricated Materials	.-	26.7
Paper for Printing	123.2	69.0
Fine Paper	.-	.2
Special Industrial and Coated Paper	5.1	.-
Converted Paper	.9	.-
Special Construction Fabrics	44.8	64.6
Oth. Oils Fats Waxes Extracts, Deriv.	9.0	2.5
Chemical Elements	.3	.-
Metallic Salts of Inorganic Acids	19.5	86.7
Other Inorganic Chemicals	98.9	35.2
Phenols, Ethers, Aldehydes & Deriv.	32.6	97.3
Other Organic Chemicals	157.1	99.5
Fertilizers and Fertilizer Materials	4.6	35.6
Plastics Asyn. Rubber not Shaped	219.6	758.9
Other Plastics Basic Shapes and Forms	.8	.-
Paints and Related Products	.-	3.6
Indust. Chem. Specialties & Explosive	42.7	18.9
Ferro-Alloys	.8	80.3
Castings and Forgings	1.3	3.4
Bars and Rods, Steel	273.2	534.5
Plate, Sheet and Strip, Steel	3,302.2	2,115.5
Pipes and Tubes, Iron and Steel	505.8	41.2
Aluminum, Including Alloys	34.7	66.9
Copper and Alloys	181.6	2,102.8
Nickel and Alloys	1,491.7	1,517.5
Other Non-Ferrous Metals and Alloys	4.3	79.4
Wire Fencing, Screening and Netting	.-	.6
Bolts, Nuts etc. & Basic Hardware	1.8	.6
Other Metal Fabricated Basic Prod.	1.4	9.0
Abrasive Basic Products	23.9	93.9
Non-Current-Carrying Wiring Mat.	.4	.-
Other Fabricated Materials	.-	1.0
Engines and Turbines, General Purpose	13.9	55.9
Electric Generators & Motors	18.6	.-
Mech. Power Transm. Equip. & Bearings	121.1	86.0
Compressors, Blowers, Vacuum Pumps	.-	16.1
Other General Purpose Indust. Machy.	46.7	128.3
Conveyors and Conveying Systems	344.1	18.1
Industrial Trucks, Tractors etc.	.-	17.2
Other Materials Handling Equipment	256.7	30.9

COMMODITY	VALUE \$'000	
	1970	1971
Drilling, Mining Oil & Gas Machy.	606.7	631.9
Metalworking Machinery	111.5	32.7
Woodworking Machinery	63.9	76.3
Pulp and Paper Industries Machinery	.-	3.4
Printing, Bookbinding Machy. & Equip.	.-	17.4
Other Special Industry Machinery	192.7	94.0
Soil, Prep., Seeding and Fert. Machy.	5.1	10.9
Haying, Harvesting & Related Machy.	47.5	61.2
Dairy & Poultry Farm & Apiary Machy.	3.4	.-
Other Agricultural Machinery, Equip.	.-	9.8
Tractors	.3	1.6
Passenger Automobile and Chassis	27.4	8.5
Trucks & Truck Chassis	1,009.2	.-
Other Motor Vehicles	1.5	2.0
Road Motor Vehicle Engines and Parts	13.7	2.6
Other Road Motor Veh. Pts. & Access.	444.3	812.8
Ships and Boats	17.7	.-
Marine Engines and Parts	.-	1.3
Sub-Assemblies, Pts., Attach. for Ships	.-	.3
Aircraft	20,484.6	4,777.5
Pneumatic Tires, New	15.8	4.9
Commercial Telecommunication Equip.	259.5	222.9
Electronic & Rel. Equip. Components	62.4	35.4
Air Conditioning and Refrig. Equip.	.-	18.1
Cooking Equipment for Food	.-	.1
Electric Lighting and Control Equip.	607.7	.-
Electric Lighting Fixt. & Portable Lamps	.-	3.7
Transformers	.-	3.4
Switchgear and Protective Equipment	.-	605.3
Other Electric Lighting Distr. Control Equip.	.-	22.6
Aux. Electric Equip. for Int. Comb Engines	.-	1.9
Other Electric Equip. and Appliances	.4	.7
Laundry Equipment, Domestic	.1	.-
Measuring, Laboratory etc. Equip.	1,096.4	.-
Electrical Property Measuring Instr.	.-	716.5
Misc. Measuring & Meas.-Control Instr.	.-	191.0
Medical and Related Instr. & Equip.	.-	1.1
Other Measuring Testing Instr. & Equip.	.-	39.1
Hand Tools & Misc. Cutlery	44.7	164.8
Office Machine and Equipment	1,289.6	1,046.2
Misc. Equipment	3.3	.3
Misc. Apparel	.-	2.8
Toiletries, Cleaning Prep., etc.	.2	.-
Toys, Games Sport & Recreation Equip.	.1	4.5
Misc. Household and Personal Equip.	.-	.4
Medicinal & Pharmaceutical Products	21.9	219.8
Medical Supplies, Ophthalmic Goods etc.	28.3	23.3
Printed Matter	5.3	16.4
Stationers & Office Supplies & Mat.	39.1	32.6
Prefabricated Bldg. & Structures	.3	2.2
Works of Art & Collectors Items	.-	.6

COMMODITY	VALUE \$'000	
	1970	1971
Misc. End Products	.1	.3
Containers & Closures	.-	19.2
Special Transactions- Trade	<u>4.2</u>	<u>123.7</u>
Total for Brazil	<u>34.406.9</u>	<u>19,773.3</u>

Source: Statistics Canada
Ontario Exports by Country

Table III

CANADIAN IMPORTS FROM BRAZIL
BY COMMODITIES 1970-1971.

JANUARY TO DECEMBER						
COUNTRY AND COMMODITY		QUANTITY		VALUE		CLASS
		1970	1971	1970	1971	
				\$,000		
BRAZIL						
FISH, AQUARIUM	NO	46,647	15,227	8	3	00950
LIVE ANIMALS N E S				2		00999
CORNEE BEEF, CANNED	LB N	3,522,723	3,469,984	1,579	2,185	01703
SEA FISH, FRESH OR FROZEN N E S	CWT	69	334	1	7	03069
LOBSTER, FRESH OR FROZEN	CWT	67	4	14	1	04629
SHRIMPS AND PRAWNS, FRESH OR FROZEN	CWT	315	374	55	66	04649
RICE, CLEANED	CWT	139,209	65,724	393	191	06149
SAGO AND CASSAVA STARCH OR FLOUR	LB	7,831,594	1,125,238	232	39	06930
SAGO AND TAPIOCA	LB	430,100	473,500	48	52	06940
FARINACEOUS SUBSTANCES N E S	LB		129,000		29	06999
ORANGES MANDARINES TANGERINES FRESH	LB	3,437,048	4,530,886	105	223	07139
FRUITS AND BERRIES, DRIED N E S	LB	2,069	1,312	2	1	07399
LEMON JUICE CONCENTRATES, FROZEN	LB N	53,155	65,993	11	16	07523
ORANGE JUICE CONCENTRATES, FROZEN	LB N	6,470,597	19,479,309	1,531	4,092	07538
ORANGE JUICE CONCENTRATES, NOT FROZ	LB N	1,136,010	248,303	237	54	07539
FRUIT JUICE CONCENTRATES, FROZ. NES	LB N	143,859	288,280	47	109	07558
JAMS, JELLIES AND PRESERVES, CANNED	LB N	1,080				07892
BRAZIL NUTS, NOT SHELLD	LB	2,020,525	1,551,956	333	294	08120
BRAZIL NUTS, SHELLD OR ROASTED	LB	1,627,777	1,176,236	663	592	08220
CASHEW NUTS, SHELLD OR ROASTED	LB	113,270	16,950	63	9	08225
NUTS KERNELS SEEDS SHELLD PREP NES	LB		10,875		5	08299
TOMATOES, FRESH	LB	5,500		1		09190
VEGETABLES, FRESH OR CHILLED N E S	LB		5,600		1	09199
VEGETABLES & VEG JUICES, CANNED NES	LB N	124,673	111,650	25	30	09599
RAW SUGAR	CWT	103,192		425		10119
COCOA BEANS	LB	592,650	1,637,276	207	353	11110
COCOA BUTTER	LB	1,221,131	224,000	981	142	11140
COCOA UNSWEETENED IN BLOCKS, CAKES	LB	1,936,855	4,969,787	254	724	11162
COCOA OR CHOCOLATE IN POWDER FORM	LB	249,619	245,936	41	33	11168
COFFEE, GREEN	LB	43,706,645	56,595,008	23,270	24,774	11210

Cont'd.....

JANUARY TO DECEMBER

COUNTRY AND COMMODITY		QUANTITY		VALUE		CLASS
		1970	1971	1970	1971	
				\$,000		
BRAZIL		CONT'D				
INSTANT COFFEE	LB N	6,108,034	949,057	5,826	1,049	11230
TEA, BLACK	LB	436,542	653,530	133	243	11310
TEA, GREEN	LB	400				11320
PEPPER, GROUND OR UNGROUND	LB	45,238	57,660	20	25	11455
FLAVOURING EXTRACTS AND ESSENCES	LB	54,469	17,512	15	8	14640
FCCD PREPARATIONS N E S	LB		400			14699
LIQUEURS	P GAL	147	112	1	1	17360
TOBACCO, CIGAR LEAF, UNSTEMMED	LB	457	7,480		5	18130
TOBACCO UNMANUFACTURED UNSTEMMED NES	LB	55,234		33		18199
TOBACCO, UNMANUFACTURED STEMMED NES	LB	136,876		56		18299
CIGARS AND SIMILAR PRODUCTS	M	276	829	5	10	18330
CATTLE HIDES, RAW	NO	20				20110
HIDE SECTIONS OR BELLIES, RAW					9	20195
HIDES AND SKINS, RAW N E S						20199
FUR SKINS, SHEEP AND LAMB N E S	NO	11,690		18		20269
FUR SKINS, UNRESSED N E S	NO	18,179	22,662	623	665	20289
CASEIN	CWT		882		43	20910
PEANUTS, GREEN, SHELLED	CWT	5,406		64		21249
OIL SEEDS OIL NUTS OIL KERNELS NES	CWT	21				21299
CUT FLOWERS & DECOR. PLANT MAT. NES				29	41	21399
CRUDE VEG. MATERIALS INEDIBLE N E S					1	21999
LOGS, EXOTIC SPECIES	M B F	15		6		23179
HORSE HAIR	LB		1,349		2	24320
RAW COTTON	LB	4,235,300		995		24410
COTTON LINTERS AND CARDED SLIVER	LB	2,614,813	2,847,335	156	192	24430
COTTON WASTE N E S	LB	1,226,868	1,855,769	64	82	24459
SISAL AND AGAVE FIBRES, INCL. WASTE	LB	8,195,735	12,015,543	595	770	24550
IRON ORE	TON	161,005	100,372	1,301	1,090	25120
MANGANESE IN ORES AND CONCENTRATES	CWT	827,442	1,080,000	1,873	2,469	25840
METAL ORES CONCENTRATES & SCRAP NES	CWT	18,480	1,763	1,154	115	25899
DIAMONDS, INDUSTRIAL	CARAT	1,356	240	18	1	27410
DIAMOND DUST	CARAT	100	200	1	1	27420
GRANITE, ROUGH	TCN	55	15	3	1	27610
SILEX AND CRYSTALLIZED QUARTZ	TON	5		41	2	27659
NON-METALLIC MINERALS, CRUDE N E S						27999
WASTE MATERIALS N E S	CWT	33		6		29199
UPPER LEATHER, CATTLE	SQ FT		11,653		5	30110
UPPER LEATHER, CALF AND WHOLE KIP	SQ FT		31,761		13	30120
UPPER LEATHER N E S	SQ FT	28,082	64,290	8	26	30199
SHOE LINING LEATHER CATTLE CALF KIP	SQ FT	6,119	6,015	2	2	30210
SHOE LINING LEATHER N E S	SQ FT	80,767	73,824	13	17	30299
GLOVE & GARMENT LEATHER, SHEEP LAMB	SQ FT	19,118	36,220	6	11	30460
GLOVE AND GARMENT LEATHER N E S	SQ FT	471,739	420,070	119	144	30499
BAG, CASE AND STRAP LEATHER	SQ FT	69,690	135,384	18	49	30610
UPHOLSTERY LEATHER	SQ FT	1,333	10,498	1	5	30670
LEATHER SPLITS N E S	SQ FT	6,400	181,911	2	56	30680
LEATHER N E S	SQ FT	80,500	26,958	14	9	30699
LEATHER FABRICATED MATERIALS N E S						30899
FURS, DRESSED N E S				7	33	31089
FUR PLATES MATS ETC DRESSED OR DYED					3	31099
HARD RUBBER FABRICATED MATERIALS						32546
MOTOR VEHICLE PARTS OF RUBBER N E S						32558
LUMBER, MAHOGANY	M B F	249	358	74	89	33165
LUMBER, EXOTIC SPECIES N E S	M B F	127	647	69	118	33179
DIMENSION-SAWN STOCK				33	39	33390
VENEER, MAHOGANY	SQ FT		2,165,943		66	33711
VENEER, HARDWOOD N E S	SQ FT	1,871,004	4,819,566	214	631	33719
PLYWOOD, SOFTWOOD	SF3/8	353,438	577,635	42	48	33879
HAND TOOL HANDLES				2		33911
HANDLES GRIPS BACKS & LIKE PROD NES				32	1	33919
ROUGH-SHAPED BLANKS, BLOCKS N E S				51	1	33930
WOOD FABRICATED MATERIALS N E S				30	4	33999
HARD BOARD	CWT	59,344	51,196	264	230	35760
WOOL YARN, WORSTED SPUN	LB		1,628		2	36330
COTTON THREAD FOR SEWING	LB	2,296	10,167	5	10	36405
COTTON YARN SINGLE 20 AND UNDER NES	LB	204,370	664,158	101	292	36445
COTTON YARN SINGLE OV 20 UND 40 NES	LB	340,010	689,825	183	338	36446
COTTON YARN SINGLE 40 AND FINER NES	LB	93,270	45,027	65	28	36447
COTTON YARN, PLIED N E S	LB	686,610	979,836	379	510	36468
ACRYLIC YARN	LB	14,387	60,912	18	51	36616
RAYON YARN, VISCOSE OR ACETATE	LB	235,282	861,356	128	492	36619
BALER TWINE	LB	5,992,167	8,905,642	626	896	36903
WOOLLEN FAB ALL WOOL 9 OZ AND LESS	LB	176		1		37208
DUCK AND ALLIED FABRICS, COTTON	LB	151,769	277,975	73	142	37302
DRILL TWILL WARP SATEEN COTTON UNBL	LB	242,438	141,051	123	64	37313
DRILL TWILL WARP SATEEN COT BLEACHD	LB		4,500		2	37315
DRILL TWILL WARP SATEEN COT COLORED	LB	41,239	103,622	34	80	37318
BROADCLOTH & LT WT POPLIN COT COLOR	LB	5,150	159,865	5	150	37338
PRINT CLOTH & SHEETING COTTON UNBL	LB	1,419	74,647	1	52	37343

JANUARY TO DECEMBER

COUNTRY AND COMMODITY	QUANTITY		VALUE		CLASS
	1970	1971	1970	1971	
			\$,000		
BRAZIL CONT'D					
FLANNEL NAPPED FABRIC COTTON COLORED LB	687		1		37358
DENIMS, COTTON LB		38,906		32	37362
CORDUROYS, COTTON, COLOURED LB	39,705	392,557	47	440	37382
BROAD WOVEN FABRICS COTTON BL N E S LB	9,717	2,428	9	1	37395
BROAD WOVEN FABRICS COT COLORED NES LB	22,256	22,523	41	24	37398
POLYESTER BROAD WOVEN FABRICS LB		1,962		7	37545
BROAD WOVEN FAB. WOOL MIXTURES NES LB	352	598	1	2	37739
RAYON-POLYESTER BROAD WOVEN FAB NES LB	3,579		7		37765
BROAD WOVEN FAB. MIXED FIBRES N E S LB		395		1	37789
KNITTED FABRICS, COTTON N E S LB		47,568		43	38559
KNITTED FABRICS N E S LB		375		1	38599
LACE FABRICS LB	2,112	1,984	13	10	38609
BROAD COATED FABRICS N E S LB	12,739		7		38779
CASTOR OIL CWT	59,842	52,413	859	823	39308
VEGETABLE OILS AND FATS N E S CWT	197	324	3	6	39399
CARNAUBA WAX LB	262,416	320,228	89	116	39415
WAXES, ANIMAL AND VEGETABLE N E S LB	3,307	4,410	2	2	39449
WATTLE EXTRACT LB	247,973	229,366	28	29	39640
LEMON AND ORANGE OIL LB	10,978	2,723	2	1	39716
PEPPERMINT OIL LB	1,960	443	5	1	39720
ESSENTIAL OILS N E S LB	7,429	2,990	7	6	39739
NITRITES AND NITRATES N E S CWT		1,000		2	40391
MENTHOL, NATURAL AND SYNTHETIC CWT	556	360	240	193	40765
OXYGEN FUNCTION ACIDS AND DERIV NES CWT	550	550	12	13	40998
AMINE FUNCTION COMPOUNDS N E S CWT	20	20		1	41125
POLYPROPYLENE FILM AND SHEET CWT		3			42453
RUBBER PLAST COMPOUNDING AGENTS NES LB	2,000		1		42972
FERRO-ALLOYS N E S TON	71	108	225	289	44199
BOLTS & HEADED OR THREADED RODS NES					46506
SCREWS N E S			14	18	46519
CHAIN, POWER TRANSMISSION, CONVEYOR			5	4	46609
VALVES, BRASS N E S				37	46829
WIRE FABRICATED BASIC PRODUCTS NES				2	46959
CERAMIC TILES FLOOR WALL 2 1/2 & OV SQ FT	25,000	8,754	7	3	47235
ARTIFICIAL ABRASIVES CRUDE GRAINS NES CWT	89		1		47639
GRAPHITE ELECTRODES LB	456,786		82		47722
GEM AND ORNAMENTAL STONES N E S			26	36	47825
MICA BLOCKS SHEETS AND GROUND MICA CWT	8		2		47933
ACOUSTIC & CEILING TILES PANELS NES SQ YD	76,210	124,109	35	53	49409
FLOOR AND WALL TILES N E S SQ YD		1,777		4	49449
HOODS AND SHAPES, NON-TEXTILE DOZ	11,600	4,000	8	3	49601
WIPING RAGS				14	49644
ELEC. INDUCTION MOTORS, 1HP & OVER NO	118	161	15	31	50367
ELEC. MOTORS, UNIVERSAL & OTHER NES NO		143		31	50369
BEARINGS & PARTS FOR MOTOR VEHICLES				1	50401
PULLEYS BELT FOR POWER TRANSMISSION					50469
INDUSTRIAL HOISTS AND LIFTS NO		15		13	51327
HOISTING MACHINERY AND PARTS N E S				6	51399
ROCK DRILL PARTS N E S				6	52105
LATHES, METALWORKING, AND PARTS NES NO	6	42	43	53	52308
KNITTING MACHINE NEEDLES M	10	10		1	52736
KNITTING MACHINERY AND PARTS N E S				53	52740
CIGARETTE MAKING MACHINERY & PARTS				7	52864
PASSENGER AUTOMOBILES NES & CHASSIS NO		1		2	58149
PARTS OF MOTOR VEHICLE ENGINES NES			2		58849
PARTS & ACCESS. FOR MOTOR VEH. NES			1	20	58999
PTS & ACCESS. FOR SHIPS & BOATS NES			1	3	59339
PARTS OF AIRCRAFT ENGINES			2		60349
PASSENGER CAR TIRES, PNEUMATIC, NEW NO	1,625	1,100	22	15	62105
ELECTRONIC RECEIVING TUBES NO	17,900	7,800	13	6	63816
PARTS OF ELECTRONIC TUBES N E S					63829
CAPACITORS, ELECTRONIC AND PARTS			28	39	63910
RESISTORS, ELECTRONIC, AND PARTS				4	63915
PTS OF PHONOGRAPH RECORD PLAYER NES			1		63992
LAMP SHADES SHADE HOLDERS & PTS NES					68193
WIRING DEVICES AND PARTS					68869
PARTS OF ELECTRIC EQUIP FOR ENGINES				11	68995
ELEC. MEASURING & TESTING INSTR NES					70290
DENTAL INSTRUMENTS, EQUIPMENT & PTS			5	8	70651
OPTICAL MICROSCOPES & PTS EXC LENS NO		5		4	70710
FURNITURE, WOODEN, HHOLD, NOT UPHOL			22	5	74012
FURNITURE, HOUSEHOLD, UPHOLSTERED			23	67	74016
FURNITURE FRAMES & HHOLD FURN. NES				2	74019
AXES AND HATCHETS NO	996		1		75252
HUNTING KNIVES NO		100			75823
SCISSORS, SHEARS AND TRIMMERS NC	112,117	112,771	93	100	75865
MANICURE AND PEDICURE IMPLEMENTS					75866
CUTLERY N E S					75899
BROOMS AND WHISKS DOZ		204			76113

JANUARY TO DECEMBER

COUNTRY AND COMMODITY		QUANTITY		VALUE		CLASS
		1970	1971	1970	1971	
				\$,000		
BRAZIL						
CONT'D						
PAINT AND VARNISH BRUSHES	DOZ		806		1	76124
CASH REGISTERS	NO		12		2	77126
UNDERWEAR MADE FROM WOVEN FABRICS	NO		540			78119
UNDERWEAR N E S	NO		7,128		6	78149
BATHING SUITS, EXCEPT KNITTED	NO		678		1	78304
CUTDOOR JACKETS N E S	NO	13				78317
PANTS, MENS AND BOYS, COTTON	NO		3,648		3	78373
OUTERWEAR, EXCEPT KNITTED N E S	NO		57			78399
SWEATERS AND CARDIGANS, KNITTED NES	NO	4,670		15		78479
HEADWEAR N E S	DOZ		13			78649
GLOVES AND MITTENS, LEATHER	OZ PR	3				78680
WOMENS HANDBAGS AND PURSES	DOZ	966	478	31	17	78952
APPAREL ACCESSORIES N E S					4	78999
SLIPPERS AND HOUSE FOOTWEAR	PAIR	2,510	4,800	5	6	79039
WATERPROOF RUBBER FOOTWEAR	PAIR	23,004	5,400	19	6	79040
FOOTWEAR N E S	PAIR	250,629	516,587	571	1,325	79099
JEWELLERY OF PRECIOUS METALS				2		81017
COSTUME JEWELLERY N E S				3	2	81027
SILVERWARE AND GOLDWARE N E S						81049
TUFTED RUGS, MATS AND RUNNERS	SQ YD	212	16	2		84459
CARPETS, RUGS, MATS AND RUNNERS NES				4	3	84499
BEDSPREADS, TEXTILE	NO		900		4	84601
BLANKETS N E S	NO		2,542		6	84639
TABLECLOTHS	LB		133,873		83	84711
TABLE NAPKINS, TEXTILE	LB		3,802		4	84715
TOWELS, COTTON, TERRY	LB	32,941	350,878	33	188	84803
TOWELS, COTTON N E S	LB		30,977		26	84805
TOWELS N E S	LB		498			84810
WASHCLOTHS, BATH MATS AND SETS	LB	8,624	19,390	10	15	84839
HOUSE FURNISHINGS AND SUPPLIES NES					24	84999
COOKING UTENSILS AND PARTS N E S						85019
KITCHEN AND TABLE CUTLERY N E S				6	4	85059
TUMBLER & STEAMWARE GLASS OR CRYSTAL				9	3	85063
TABLEWARE, GLASS N E S				2		85064
TABLEWARE N E S					1	85069
PARTS OF DOMESTIC SEWING MACHINES					1	86216
LUGGAGE N E S	NO		1,400		2	86499
TOILET AND COSMETIC BRUSHES N E S					1	86520
SMOKERS ACCESSORIES N E S				1	2	86640
TRAYS					1	86712
HHOLD BASKETS BOXES CANS & BAGS NES						86716
ART AND DECORATIVE WARE N E S				3	3	86732
PENICILLIN				10	17	87223
ANTIBIOTICS N E S					35	87259
MEDICINAL & PHARMACEUTICAL PROD NES					18	87999
DENTAL SUPPLIES N E S						88299
OPHTHALMIC GOODS N E S						88399
BOOKS AND PAMPHLETS NES EXC ENGLISH						89741
PICTURE REPRODUCTIONS N E S				1		89439
TOURIST LITERATURE					4	89581
ADVERTISING MATTER PRINTED N E S						89589
STRINGED INSTRUMENTS AND PARTS NES	NO	156	268	2	7	92165
MUSICAL INSTRUMENTS AND PARTS N E S				1		92199
SHTCGUNS	NO	11,655	22,570	157	278	93001
RIFLES, RIMFIRE, NON-MILITARY	NO		8,900		144	93007
FIREARMS, NON-MILITARY NES & PARTS	NO				6	93016
PAINTINGS AND PASTELS, MADE BY HAND	NO	12	2	1		94608
SCULPTURES AND STATUES, ORIGINAL	NO	1				94620
ANTIQUES AT LEAST 100 YEARS OLD NES					4	94630
SIGNS AND ADVERTISING DISPLAYS NES						94929
ARTIFICIAL & ORNAMENTAL FLOWERS ETC					1	94952
NON-ELEC LIGHTING FIXTURES & PT NES				3	5	94966
SHIPPING CONTAINERS GLASS & PTS NES					5	95036
BOXES & CARTONS, PAPERBOARD & PARTS				6	19	95045
SHIPPING CONTAINERS, TEXTILE						95075
SHIPPING CONTAINERS PLASTIC & PT NES					19	95079
MOTOR AND STEAMER RUGS, LAP RUGS	NO		2,650		6	96154
IMPORT PACKING, RE-USABLE NOT DESCR				2	4	97010
GOODS RETURNED WITHIN FIVE YEARS				12	65	97030
SHIPMENTS OF LESS THAN \$200.00 EACH				36	51	97075
TOTAL				49,311	50,698	*****

